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Multi-year funding framework cumulative report on UNDP performance and results for 2004-2006

Summary

The multi-year funding framework (MYFF), 2004-2007, for UNDP (DP/2003/32) was approved at the second regular session 2003 of the Executive Board. It established goals and intended organizational results for the four-year period. The goals derived principally from the demand for UNDP assistance from programme countries, and embodied a range of corporate and international objectives and concerns such as the MDGs and other internationally agreed development targets, United Nations reform priorities, and the specific mandates assigned to UNDP by the General Assembly.

The report presents a comprehensive view of results and progress achieved over the first three years of the MYFF period. Its observations are based on the performance analysis of 135 country programmes, reporting on the UNDP contribution to development effectiveness. Consistent with Executive Board requirements, the report contains performance information on programme focus and results, organizational strategies, and expenditures to achieve the objectives of the MYFF.

Elements of a decision

The Executive Board may wish to take note of this cumulative report on the MYFF, 2004-2006, and endorse it, acknowledging the contributions of UNDP to development change at the country level and progress in managing for development results, and reiterate its expectation that the lessons learned during the period will substantially inform the strategic plan, 2008-2011. The Executive Board may wish to take into account the changing internal and external environment as a basis for discussing achievements and challenges.

Further, the Board may wish to consider requesting information from UNDP at its annual session in 2008 on the implementation of an integrated results-based management framework and related reporting system to track and measure UNDP contribution to development effectiveness; and in 2009, on the basis of this new reporting system, a report on progress in implementation of the strategic plan, 2008-2011.

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Contents

Chapter		*Page*
I.	Executive summary and key messages	3
II.	Introduction	5
III.	The MYFF and managing for development results	5
IV.	United Nations coordination	6
V.	UNDP contributions to development effectiveness	9
	A. Drivers of development effectiveness	10
	B. Achieving the MDGs and reducing human poverty	15
	C. Fostering democratic governance	18
	D. Environment and energy for sustainable development	21
	E. Crisis prevention and recovery	24
	F. Responding to HIV/AIDS	27
VI.	Organizational effectiveness	30
VII.	Financial expenditure	33
VIII.	Conclusion	33

Annex. Cumulative programme expenditure, 2004–2006 [posted on the Executive Board website]

I. Executive summary and key messages

1. The present cumulative report on UNDP performance and results over the 2004-2006 period comes at the midpoint of the timetable for reaching the Millennium Development Goals (MDGs), when UNDP and all development actors must take stock of how much has been achieved and what remains to be accomplished. Partner countries and development organizations alike are increasingly focused on improving the effectiveness of development assistance and reforming the delivery and management of aid to achieve results that meet the targets set for 2015.

2. The United Nations system made significant advances over the last three years in strengthening coordination among agencies, funds, and programmes to make a more substantial collective impact in programme countries, guided by a more coherent, country-driven United Nations Development Assistance Framework (UNDAF). But United Nations reform efforts must be intensified if the system is to better support developing countries to achieve the MDGs and other internationally agreed development targets, on the basis of their national development strategies.

3. The report records the progress in sharpening the strategic focus of the organization, aligning technical and human resources behind a clear strategic direction, and better targeting of financial resources to achieve concrete development results, while at the same time acknowledging shortcomings in the results-based management framework. UNDP will build upon the successes and determinedly act on the lessons learned to put in place a strategic plan for 2008-2011 with an even greater focus on results.

4. For the remainder of this MYFF cycle and going into the next, UNDP will be guided by the following key messages from this cumulative report:

(a) ***United Nations reform.*** Guided by the UNDAF, the United Nations system must deliver development assistance in a way that preserves the distinct contributions of individual agencies, funds and programmes, without compromising the quality of the whole. Those efforts must integrate the expertise of United Nations non-resident organizations. The division of labour between UNDP and the United Nations Environment Programme (UNEP), and among UNAIDS co-sponsors, are good examples of United Nations reform in practice. Reform efforts must combine a stronger resident coordination system, with a clearer and stronger role for UNDP in line with its mandate and comparative advantage. The 'One UN' pilots to be implemented throughout 2007 will allow UNDP, in partnership with the rest of the United Nations system, to experiment with different models and approaches to delivering as one.

(b) ***Scaled-up support to the MDGs.*** Integrated and scaled-up support to the MDGs emerged as a key area over the last three years. There is growing demand for UNDP support for pro-poor policy reform, with a focus on local policy initiatives to enhance access to microfinance, productive resources, and basic social services, as well as on costing, monitoring and reporting on the MDGs. A challenge to be addressed is the need to undertake a more strategic approach to local initiatives to facilitate scaling up. Global, regional and national human development reports continued to serve as powerful advocacy tools and sources of concrete policy options.

(c) ***UNDP is a leader in governance technical assistance.*** UNDP emerged as one of the largest providers of governance technical assistance globally, with strong demand for support to elections, decentralization and local governance, and anti-corruption efforts. Justice and human rights grew rapidly to become the highest area of demand in the practice.

(d) ***Crisis prevention and recovery.*** UNDP assistance for crisis prevention and recovery resulted in stronger national and local capacities for conflict prevention and transformation, including recovery planning; reduction of small arms and armed violence at the community level; facilitation of modalities for participation and inclusion of a broad spectrum of stakeholders; improved living conditions in mine-affected countries; and better integration of disaster risk reduction into development programmes and projects. There is now a clear understanding of the specific and complementary role of UNDP in crisis prevention and recovery, and UNDP needs to reinforce its own capacity to respond to an increasing demand from countries.

(e) ***Clear role for UNDP in the environment and HIV/AIDS.*** In line with the division of labour with UNEP, UNDP helped to protect development investments by building capacity to integrate environmental sustainability into national development frameworks, including poverty reduction

strategies. UNDP also supported country efforts to mobilize environmental finance and mitigate climate change risks. Under the UNAIDS division of labour, UNDP focused on addressing dimensions of AIDS relating to development, governance, mainstreaming human rights, and gender.

(f) ***Capacity development:*** Seventy-seven percent of programmes and projects across all practice areas addressed capacity constraints in development planning, management, and service delivery. UNDP invested in codifying leading-edge practice from across the organization and developed guidance for more systematic analytical approaches to capacity development. UNDP laid the foundation to strengthen capacity development services through (i) capacity assessments to map and diagnose national capacity assets and needs to achieve the MDGs; (ii) costing capacity investment requirements in national and sector strategies; (iii) indicators, targets and benchmarks to monitor and evaluate capacity development; and (iv) incorporating capacity development into external evaluations.

(g) ***Mainstreaming gender.*** The 2005 independent evaluation on gender mainstreaming in UNDP revealed that despite an impressive array of policy initiatives, a lack of institutionalization of gender has resulted in 'policy evaporation'.[1] The lessons from progress in mainstreaming human rights in development programming provide valuable entry points for strengthening efforts in gender. A common approach and systematic tools, supported by specific gender outcomes and performance indicators, should help to improve performance.

(h) ***Integration of the United Nations Development Fund for Women (UNIFEM), the United Nations Capital Development Fund (UNCDF), United Nations Volunteers (UNV) and the Special Unit for South-South Cooperation:*** The priorities of UNIFEM, UNCDF, UNV and the South-South Cooperation Unit were further integrated into the work of UNDP over the last three years; but more remains to be done. The strategic plan, 2008-2011 will aim to integrate fully the development effectiveness drivers of gender equality, South-South cooperation, and civic engagement, and continue anchoring development efforts through local initiatives, including microfinance. As with the capacity development and gender equality drivers, UNDP will define indicators, targets and benchmarks to monitor and evaluate progress and reliance on these important drivers of development effectiveness.

(i) ***Managing for development results.*** The MYFF shaped the focus of UNDP and further articulated its results-based management (RBM) system, even if its application across the organization was uneven. The MYFF was instrumental in stimulating the reengagement of a range of partners to turn around the resource base of the organization. The work of UNDP is multidisciplinary in nature. Yet the current RBM system does not easily accommodate measurement of progress and reporting on cross-sectoral programmes or cross-cutting issues such as capacity development, gender equality, civic engagement, and South-South cooperation. The system also consists of a number of effective but fragmented instruments. The experience of the last three years makes clear that UNDP needs to put in place an integrated RBM system to connect its vision and strategic focus with its resource base. The RBM framework must define performance indicators and targets to measure progress towards and achievement of results, supported by a clear accountability framework. An ongoing independent evaluation of how UNDP manages for results will help refine the RBM system.

(j) ***Predictability of resource flows.*** UNDP continued to rely on strong partnerships with member states, bilateral donors, the private sector, civil society, foundations, and United Nations system partners to maximize its contribution to development outcomes at the country level. Earmarked resources, however, continued to far exceed the regular resources of the organization, particularly in crisis countries. The ability of UNDP to fulfil its mandate and effectively support the development agenda of partner countries hinges upon a level of core funding that facilitates flexible, integrated programming and management approaches focused on long-term effectiveness and sustainability.

(k) ***Organizational effectiveness.*** UNDP achieved important results in strengthening internal capacity and management systems to better discharge its development mandate. The practice culture is now firmly embedded in UNDP, allowing for sharper, more in-depth treatment of issues, drawing on global knowledge and experience; and increased emphasis was placed on staff training. Atlas served as the cornerstone of the management process through a real-time management platform; and preliminary steps were taken to define a corporate accountability and risk management framework.

[1] Evaluation of Gender Mainstreaming in UNDP (2006) at page 29.

II. Introduction

1. The multi-year funding framework (MYFF), 2004-2007, for UNDP (DP/2003/32) was approved at the second regular session 2003 of the Executive Board. It established intended organizational results and goals for the four-year period. The goals derived principally from the demand for UNDP assistance from programme countries, and embodied a range of corporate and international objectives and concerns such as the MDGs and other internationally agreed development targets, United Nations reform priorities, and the specific mandates assigned to UNDP by the General Assembly.

2. Based on these factors, the MYFF 2004-2007 established five core goals: (a) achieving the MDGs and reducing human poverty; (b) fostering democratic governance; (c) energy and the environment for sustainable development; (d) crisis prevention and recovery; and (e) responding to HIV/AIDS. The framework also sets out three organizational strategies during the cycle to achieve these targets: (a) coordination within the United Nations system; (b) integration of the six drivers of development effectiveness; and (c) development of internal capacity to achieve results. The six drivers of development effectiveness are cross-cutting priorities that inform the way UNDP implements programmes at the country level. They include: (a) developing national capacities; (b) enhancing national ownership; (c) advocating and fostering an enabling policy environment; (d) seeking South-South solutions; (e) promoting gender equality; and (f) forging partnerships for results.

3. The present cumulative report presents a picture of performance for the period 2004-2006 against the five core goals and organizational strategies. It reflects how partnerships with UNIFEM, UNV, UNCDF and the Special Unit for South-South Cooperation helped to achieve results and promote reliance on the six drivers of development effectiveness. The lessons learned have vitally informed the strategic plan, 2008-2011, which is being presented in draft form at this session.

4. The present report consists of eight chapters: I. Executive summary and key messages; II. Introduction; III. The MYFF and managing for development results; IV. United Nations coordination; V. UNDP contributions to development effectiveness; VI. Organizational effectiveness; VII. Financial expenditure; and VIII. Conclusion.

5. This report and the draft strategic plan together provide a picture of UNDP achievements and lessons learned over the past three years, and how the organization intends to build on them to become a more effective partner for programme countries, in coordination with other United Nations agencies, funds, and programmes.

III. The MYFF and managing for development results

6. The introduction of the first MYFF (2000-2003) represented a major step in strengthening results-based management within UNDP. It articulated programmatic areas of focus for the organization and the operational priorities to support efforts in those areas. It helped donors understand how their financial contributions were linked to programme focus areas. UNDP used the MYFF to reorganize its internal operations into a 'practice' arrangement, bringing development practitioners into thematic or 'practice' groups to work on common issues. The objective of that restructuring was to deepen knowledge on substantive themes and professionalize UNDP services for more effective support to field operations and better development results for partner countries.

7. The MYFF, 2004-2007, further advanced these processes. It brought greater focus to programmatic work, which was now based on fewer development outcomes, in line with the UNDP mandate, its comparative advantages, and wider system resources. In contrast to MYFF, 2000-2003, with its three-tiered structure of goals, sub-goals, and 45 strategic areas of support, UNDP was now engaged in only 30 service lines and supporting 90 types of outcome. That push for greater strategic focus was a critical ingredient in improving organizational effectiveness over the three-year reporting period.[2] The number of outcomes supported by country programmes fell from an average of 15 in 2004 to 12 in 2006, while the number of service lines decreased from 11 in 2004 to nine in 2006. This decline indicates that the corporate message to focus resources better was being received in the field.

[2] Under the MYFF, 2004-2007, strategic focus was measured by: (a) demand from programme countries and concentration of support; (b) alignment of country programme outcomes with UNDP core results; (c) expenditures supporting thematic priorities identified in the MYFF.

8. Several evaluation reports confirmed the sharpened focus of UNDP corporate and field work. However, they also recognized that RBM practices, though among the most mature of those in similarly placed organizations, had not succeeded in promoting strategic prioritization across UNDP, and results had been uneven. For example, a 2006 poverty and energy and environment outcome evaluation in Nigeria[3] affirmed the shift to an upstream focus, but noted continued dispersion of limited resources over too many outcomes, outputs and activities in too many locations. Such dispersion affected programme implementation because of high transaction costs.

9. The MYFF, 2004-2007, was based on the principle that ownership and responsibility for development outcomes rest with national authorities. The effectiveness of UNDP as an organization is measured in relation to results and deliverables for which it is directly accountable and over which it has control or significant influence. As The RBM system tracks country programme contributions to country-owned development outcomes.[4] As part of the planning function, every country and regional programme sets annual targets that represent key outputs UNDP must deliver if it is to assist national partners in achieving the desired outcomes.

10. Given the diversity in national contexts in the 166 UNDP programme countries, meaningful aggregation of development contributions across the 30 service lines is not possible. The MYFF, therefore, has used the rate of achievement of targets set by country offices as a general proxy of progress towards achieving outcomes[5]. It also serves as a benchmark in the continuous monitoring of country programme performance.

11. Organizational strategies to improve the effectiveness of UNDP work, expressed as the six drivers of development effectiveness, reflected not only UNDP values and principles, but also the types of lasting contribution the organization intended to make to development. The impact of those drivers has been gauged from an analysis of the degree of emphasis (low, medium, high) placed by programme managers on integrating the drivers into country-level development programming.

12. Reporting on the MYFF, 2000-2003, and 2004-2007, was based primarily on self-assessments. Self-assessment is a managerial tool and an important part of a results-oriented programming process. Self-assessment of rates of achievement of annual targets and degrees of emphasis on development effectiveness drivers, however, needs to be buttressed by independent evaluation to provide complete information about the actual contribution of UNDP. Accordingly, this report draws on independent assessments of development results and outcome evaluations, as well as data reported by country offices and regional programmes.

13. Overall, the MYFF, 2004-2007, enabled UNDP to take important steps towards developing a robust RBM system. However, while it articulated the development objectives and strategies of the organization, it did not set out corresponding management actions to help achieve these results. Additionally, the development objectives and strategies of the organization were not linked to its financial and human resources. The structure of the biennial budget and programme arrangements did not easily permit this linkage either, and the MYFF and budgeting processes were carried out separately, and at separate times. The MYFF was in many respects a strategic framework without a concrete institutional foundation and financial framework.

14. All these lessons from the past two MYFF cycles are being taken into account in the design of the new strategic plan and the improved results management system.

IV. United Nations coordination

15. In 2001, the General Assembly called for "an intensification of efforts by all system organizations to introduce or continue, especially at headquarters level, the process of simplification and harmonization…" and asked "that these reforms produce a recognizable impact at the country level by reducing the transaction costs of operational activities."[6]

[3] Midterm and outcome evaluation for the poverty and energy and environment programmes, 2003-2006 (2006).
[4] Outcomes represent development changes that can be achieved within the time frame of a country programme.
[5] At the end of every calendar year, country and regional programmes are required to assess if targets were fully achieved, partially achieved or not achieved. This measure of organizational effectiveness is based on the shared views of UNDP offices and national counterparts.
[6] General Assembly resolution A/56/320 (2001).

16. The Triennial Comprehensive Policy Review (TCPR) is the main instrument guiding the reform of United Nations operational activities. The TCPR responds to the mandate defined by the General Assembly and the Economic and Social Council (ECOSOC). The former establishes system-wide policy direction for development cooperation and country-level modalities of the United Nations system; the latter provides coordination and guidance to ensure that those policies are implemented.

17. In response to the TCPR, the concept of the joint office was introduced to reduce transaction costs and improve the ratio of programme to support costs in countries where the United Nations system presence is small, and the combined representation, staffing and support costs of agencies are excessive in proportion to their small programme budgets.[7] The joint office concept was piloted in Cape Verde in 2006.

18. The Report of the High-level Panel on System-wide Coherence[8], issued in November 2006, expanded on the joint office concept and proposed the 'One UN' model, which enlarged the original joint office vision of one leader, one programme, and one office by adding a fourth dimension: one budgetary framework. In February 2007, eight countries, namely, Albania, Cape Verde, Mozambique, Pakistan, Rwanda, Tanzania, Uruguay, and Viet Nam, formally requested to become pilots in implementing the 'Four Ones'.

Support to the resident coordinator system

19. Member States, through the TCPR, have reiterated the centrality of the resident coordinator system in advancing United Nations operational activities at the country level. UNDP, as manager and funder of that system, prioritized strengthening it, and implemented significant reforms to lead the United Nations development system at the country and headquarters levels. In 2006, UNDP rolled out with other agencies a set of initiatives such as strengthening the leadership of United Nations Development Group (UNDG) regional teams through formalized joint planning, redesigning the appraisal and incentive system for resident coordinators[9], and appointing country directors in large and complex settings. UNDP deployed 50 country directors to ensure parallel representation and strengthen both the resident coordinator's office and UNDP operations. In 2006, UNDG developed an operational plan for integrating the expertise of United Nations non-resident agencies into country programming in support of national development plans, the results of which should be evident in the next planning cycle. For two consecutive years (2004-2005), 85 per cent of national governments perceived United Nations organizations as working together in a coordinated fashion.

Simplification and harmonization to enhance United Nations collective impact at the country level

20. There was progress in simplification and harmonization, with strong and proactive support from UNDP. New harmonized country programming cycles and revised guidelines for the country cooperation framework (CCF) and the United Nations Development Assistance Framework (UNDAF) were launched in 2004. UNDP revised its internal programming guidance, and a new *Results Management Guide* that complied with harmonized programming, was brought online in 2006. As of January 2007, over 80 countries had started

Box 1. United Nations response to the Tsunami

The international response to the 2004 Indian Ocean tsunami anchored coordination at the global level in a manner previously unseen, building partnerships for more coherent, effective assistance. A recovery coordination office in Aceh, Indonesia represented all organizations, and annual reporting on recovery was carried out collaboratively among the United Nations system, the World Bank, the Asian Development Bank and the Red Cross. In India, UNDP played a significant role in coordinating the United Nations response to the disaster and in raising resources for the joint United Nations framework to support recovery. In Sri Lanka, UNDP helped to maximize United Nations coordination and integration in the tsunami recovery effort by strengthening the office for the Coordinator of Humanitarian Affairs.

[7] ECOSOC E/2005/CRP1.

[8] *Delivering as One*, report of the Secretary-General's High-level Panel on UN System-wide Coherence in the Areas of Development, Humanitarian Assistance and the Environment; web link: http://www.un.org/events/panel/.

[9] The new 180-degree performance appraisal system for Resident Coordinators, designed to strengthen mutual accountability, was piloted in 2006 in eight countries in the Asia and Pacific region and 12 countries in Latin America and the Caribbean.

harmonized country cycles[10] and the rest were preparing to do so in 2008. Since 2004, 78 UNDAFs have been completed by the funds and programmes. Opportunities to improve harmonized programming further were identified and discussed with the Executive Board in 2005 and 2006, leading to the shortening by over four months of the country programme approval process.[11]

21. UNDP increased its participation in joint programmes, as highlighted in the report of UNDP, UNICEF and UNFPA to the Executive Board in June 2006 on joint programming and joint programmes. Joint programmes were used to address complex multi-sectoral development challenges such as HIV/AIDS (Eritrea, Gambia, Madagascar, Zambia), gender inequality (Bhutan, Burkina Faso, El Salvador, Georgia, Lao PDR), statistical capacity building, monitoring and reporting on the MDGs (Armenia, Namibia, Kenya, Tanzania), and response to disasters, either natural or conflict-related (Liberia, India, Sri Lanka). In Zambia where the first joint programme on HIV/AIDS was developed, UNDP has built on the momentum generated and decided to co-locate its HIV/AIDS unit with UNAIDS and the World Health Organization (WHO) to build a single team.

22. The Harmonized Approach to Cash Transfers (HACT) was introduced in 2005. HACT aims to reduce transaction costs by simplifying and harmonizing rules and procedures of the four funds and programmes that make up the UNDG Executive Committee (ExCom);[12] improve implementing partners' capacity to manage resources; mitigate risks related to funds management; and increase overall effectiveness. The introduction of HACT has proved more challenging than was anticipated, but progress has been made through innovative approaches adopted by country offices.

23. Common services offer an effective means to reduce costs and increase efficiency and coordination of United Nations operations. In 2006, UNDG developed and rolled out the common services management system in support of in-country management, transparency, accountability and oversight of common services. UNDP continues to provide support to common financial, administrative, procurement, travel, human resources, and information technology services.

Aid effectiveness

24. Progress in further consolidation of the resident coordinator system and in simplification and harmonization was complemented by increased attention and support to aid coordination and management. The aid effectiveness agenda embodied in the 2003 Rome Declaration[13] and the 2005 Paris Declaration on Aid Effectiveness[14] committed development partners to improve the quality of development assistance and align aid more closely with national priorities and processes. The drive for increased aid effectiveness gained momentum and political visibility in the follow-up to the 2005 World Summit Outcome.[15]

25. The UNDP strategy for implementation of the Paris Declaration focused in 2005 and 2006 on building partner-country capacity to assume ownership and leadership of aid coordination and management processes, strengthen national systems, and meet the Paris commitments. UNDP implemented an ambitious, diversified, but strategically defined portfolio of policy and programmatic actions, ranging from preparation of aid coordination policies and strategies (Albania, Cambodia, Ghana, Rwanda, Tanzania, Ukraine and Viet Nam), to supporting the establishment of aid management systems in crisis situations (Somalia and Sudan), to the formulation of joint assistance strategies in Ghana and Zambia.

Lessons learned

26. Under the coordinating umbrella of UNDG, UNDP worked to deliver better United Nations cooperation in programming and business processes. New programming guidance was developed and internal frameworks brought into compliance with revised instructions. Going forward, UNDP and the United Nations system must focus squarely on how they can leverage complementary system resources to provide quality development assistance.

[10] http://unctdatabase.undg.org/index.cfm?module=Benchmark&CountryID

[11] Decision 2006/36.

[12] The UNDG Executive Committee is comprised of UNDP, UNFPA, UNICEF and WFP.

[13] The Rome Declaration.

[14] The Paris Declaration

[15] The 2005 World Summit Outcome can be found at: www.un.org/summit2005

27. It is too early to assess the impact of the joint office model in terms of general efficiency or specific cost savings. In the short term, costs are expected to increase (for example, premises arrangements have often led to higher operating costs due to space arrangements and contributions towards related common services). In the long term, joint country office presence is expected to reduce administrative and operational costs significantly across all participating agencies. To reap all the advantages of this initiative, however, the regulations and rules of organizations need to be modified. The joint office and 'One UN' pilots will allow UNDP to experiment with different models and approaches to delivering as one, and inform United Nations reform efforts to enhance the overall development impact of its programming and advocacy.

28. Recent evaluations suggest that since the introduction of harmonized country programming processes, UNDAFs have provided increasingly better opportunities for integrating cross-cutting development themes, and have become more country-owned and oriented around national development plans and processes. However, the high transaction costs of the UNDAF show little sign of reduction and country teams still encounter problems of focus and prioritization. It is not yet clear that the UNDAF, as a tool for promoting harmonization and alignment, has helped the United Nations to improve its strategic positioning at the country level.

29. A balance similarly remains to be found between the cost and the potential benefits of harmonization and alignment. UNDP Zambia reports that new ways of working have sharply increased work processes and burdens for staff, particularly in the area of Government-donor or inter-donor coordination. This is reducing time and space for substantive dialogue. The country office also suggests that the thematic and sector work approaches of United Nations country teams could lead to fragmentation of dialogue and oversight over the development agenda.

V. UNDP contribution to development effectiveness

30. This chapter presents the results achieved in the five UNDP practices. It identifies areas where UNDP made notable contributions toward achieving development results. It also offers one view of the emphasis on the six development effectiveness drivers as a strategy for achieving results. Further analysis of the drivers is integrated into each practice area. These accomplishments, coupled with trends and other lessons learned during the reporting period, have informed the new key results areas that UNDP will support during its next strategic planning period, 2008-2011.

31. Programme expenditures in 2004-2006 totalled $10.6 billion, which exceeds the MYFF target of $10 billion for the entire period. The total included $1.6 billion from regular resources, which was spent primarily in least developed countries (LDCs) and low-income countries.

32. Seventy-one per cent, or $6.025 billion, of total programme expenditure was on poverty reduction and the MDGs and democratic governance, while 98 per cent of UNDP country programmes included poverty and/or governance components. Crisis prevention and recovery accounted for $1.096 billion (13 per cent), energy and the environment, $963 million (11 per cent) and HIV/AIDS response, over $400 million (5 per cent).[16]

[16] As indicated in the Annex detailing programme expenditure for 2004-2006, approximately eight per cent of total programme expenditure is within the MYFF but was not linked to practices at the time of reporting.

Figure 1. multi-year demand, by practice (%)

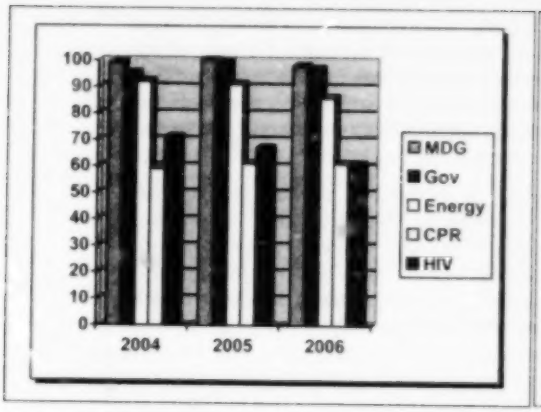
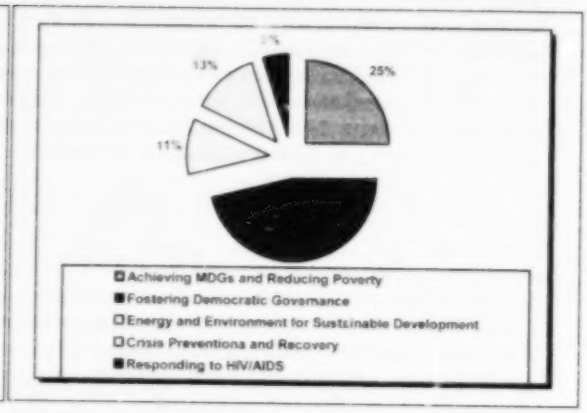


Figure 2. programme expenditures by practice 2004-2006(%)



33. The three service lines with the highest expenditure were public administration reform and anti-corruption; electoral systems and processes; and local poverty initiatives, including microfinance, constituting 39 per cent of total programme expenditure. The service line in greatest demand from partner countries was MDG reporting and poverty monitoring, with almost all countries reporting outcomes in the three years. Within this service line, the priority was statistical capacity building, reflecting the commitment of UNDP and partner countries to strengthen national statistical capacities for evidence-based policy and decision-making in line with the Paris Declaration.

A. Drivers of development effectiveness

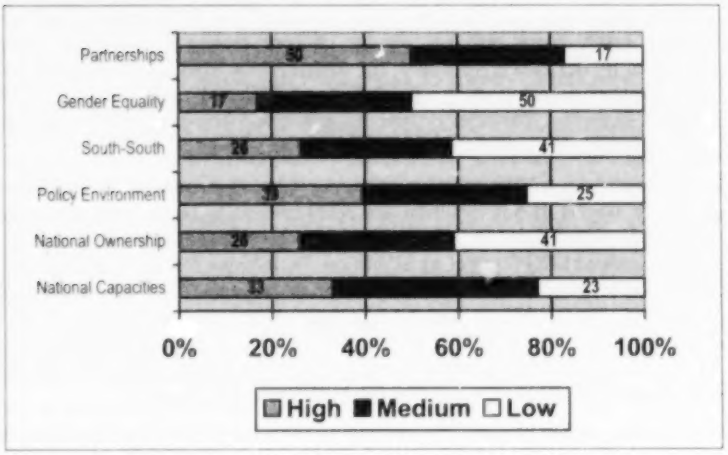
34. Analysis of the development effectiveness drivers reveals a consistently high emphasis on partnerships for results, at both programme and management levels. Over half of the results report a medium to high emphasis on promoting gender equality and seeking South-South solutions across practice areas. The remaining three drivers refer to different aspects of developing national capacity: (a) strengthening national capacities; (b) enhancing national ownership; and (c) advocating for and fostering an enabling policy environment. Over 75 per cent of results reported high and medium emphasis on two of the three capacity development drivers, with just less than 60 per cent reporting medium to high emphasis on national ownership. While progress has been made in integrating the six drivers of development effectiveness, improvements in the costing, monitoring and evaluation of future cross-cutting priorities must continue.

Capacity development

35. Capacity development is critical to achieving the MDGs and for long-term economic and social development. The concept of capacity development is now better understood and is mainstreamed throughout UNDP programming. Seventy-seven per cent of results report high and medium emphasis on developing national capacity.

36. UNDP moved from conceptual discussion of capacity development to analysis and learning from practice to increase impact at the country level. The *Results Management Guide* provides the prescriptive policy on capacity development and enables the organization to address capacity development systematically throughout the project cycle. UNDP has invested in codifying leading-edge thinking and practice, developing seminal materials geared toward more systematic analytical approaches, and training staff in capacity development.

Figure 3. emphasis on drivers, 2004-2006 (%, all practices)



37. National ownership is a fundamental characteristic of UNDP capacity development work. Capacity development initiatives have been designed to be driven by national counterparts in an effort to ensure national ownership of the process and the results. For example, the Government of Afghanistan undertook, with UNDP support, an assessment of its enabling environment and organizational capacity within ministries, departments and agencies, at both national and sub-national levels, to derive 'areas for improvement' across its operations and identify priorities for capacity development. The quickly assessment led to, among other programmes, the design of a mentoring and coaching programme in conjunction with the Government of India. Similar capacity assessments were carried out post-tsunami in India and the Maldives and as part of MDG strategy support in Ecuador, Iran, Lebanon, Rwanda and Uzbekistan. In the two years reviewed, more than 94 per cent of governments surveyed considered UNDP a critical partner in building capacity.[17] Other partners' perceptions of UNDP contributions to national capacity development were equally high.

38. Policy and advocacy services, together with norms and standards, programme support and knowledge exchange, support the development of national capacities. As UNDP shifts its focus upstream to provide support to countries in ensuring an enabling environment for sustainable development, its complementary role in strengthening national capacity to implement programmes and actions to translate policy objectives into action has taken on even greater urgency.

39. The three components of capacity development – developing national capacity, enhancing national ownership and advocating for and fostering an enabling policy environment – are crucial to ensuring equal access to and widening of opportunities to reach the MDGs. UNDP will (a) develop indicators, targets and benchmarks to monitor and evaluate capacity development, as well as mechanisms for doing so; (b) develop a methodology to cost capacity development interventions and incorporate cost into national-level investment planning; and (c) incorporate capacity development into the external evaluation process. UNDP will put in place a mechanism to monitor compliance with the prescriptive policy set forth in the *Results Management Guide*.

Forging partnerships for results

40. Strong partnerships with programme country governments, bilateral donors, and multilateral funds and institutions continued to inform policy dialogue, organizational efficiency and country-level performance. The

Box 2. The UNDP-European Commission partnership

Electoral assistance has been the central theme of the partnership between the European Commission and UNDP since 2000. UNDP collaborated with the Commission on approximately 75 electoral projects and, in 2004-2005 alone, implemented 13 projects for a total of €197 million. The Commission remains the main contributor to UNDP work on 'electoral systems and processes', with almost $817 million in expenditures over the past three years. The European Commission has become the largest non-bilateral partner entrusting resources to UNDP.

[17] Partners survey, 2004 and 2005.

breadth and depth of those partnerships are reflected in rising voluntary financial contributions. Over the three years, overall income to UNDP in nominal terms increased by more than 50 per cent, from $3.2 billion in 2003 to just above $4 billion in 2004 and more than $5 billion in 2005 and 2006. Financial contributions break down into (a) regular or core resources, allocated according to appropriations established by the Executive Board; (b) contributions from bilateral donors earmarked to specific themes, countries or activities – non-core; (c) multilateral and European Commission contributions earmarked to themes, countries or specific activities – non-core; and (d) local resources from programme countries that stay within the same country – non-core.

41. Voluntary contributions to *UNDP regular resources* (gross) continued their upward trend, surpassing annual MYFF targets of $800 million and $900 million to reach $842 million and $921 million in 2004 and 2005, respectively. In 2006, regular resources increased slightly to $925 million but remained below the annual MYFF target of $1 billion. Projections for 2007 indicate that regular resources will surpass the $1 billion mark for the first time in 14 years. Two donors provided multi-year commitments covering the full MYFF period while eight made multi-year contributions. In 2006, 59 member states contributed to UNDP regular resources. Of these, 34 were programme countries, 21 were members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC), and four were other bilateral donors.

42. Total non-core income increased from $2.2 billion in 2003 to $3.5 billion in 2006. *Voluntary earmarked (non-core) contributions* from bilateral donors, as a component, also increased significantly to reach $878 million and $1.1 billion in 2004 and 2005, respectively, falling only slightly to $1 billion in 2006. Local resources from programme countries to support domestic development increased by 10 per cent in 2004, reaching $1.2 billion. In 2005, those resources decreased slightly to $1.1 billion, but rose again, to $1.5 billion, in 2006. Financial resources entrusted to UNDP by multilateral partners and the European Commission peaked in 2005 at more than $1.4 billion, compared to $884 million in 2004 and $1 billion in 2006. Earmarked resources represent an important complement to the regular resource base of UNDP. However, at current growth rates, the ratio of non-core to regular resources is increasingly unbalanced. The ability of UNDP to fulfil its mandate and effectively support the development agenda of partner countries hinges upon a level of core funding that facilitates flexible, integrated programming and management approaches focused on effectiveness and sustainability.

43. As administrative agent of an growing number of multi-donor trust funds, joint programmes and other pooled funding mechanisms, UNDP manages an increasing level of resources on behalf of UNDG and the United Nations system. In particular, the value of fund flows channelled through UNDP as administrative agent in pass-through arrangements and through multi-donor trust funds reached $632 million in 2004, $312 million in 2005 and $618 million (provisional) in 2006.

44. UNDP consolidated partnerships with subregional governments. Agreements with the Governments of Belgium, France, Spain and Italy institutionalized tripartite partnerships among the Ministry of Foreign Affairs, national associations of regional and local authorities, and UNDP. In addition, UNDP entered into a memorandum of Understanding (MOU) with the European Association of Regions (Conference of Peripheral Maritime Regions of Europe and its regional commissions) and the Network of Regional Governments for Sustainable Development. In total, $13 million was mobilized for joint activities in 15 countries. UNDP also deepened partnerships with middle-income countries that are emerging as donors. With support from UNDP, Brazil, India and South Africa came together with other countries to exchange experiences in economic development, social equity, and South-South cooperation for achievement of the MDGs.

45. To broaden its partnership base, UNDP also signed a MOU with the Islamic Development Bank; and negotiations to revise the collaboration frameworks with the Africa Development Bank and the Asian Development Bank are in their final stages. A new partnership with the Japanese Bank for International Cooperation laid the foundation for cooperation in post-conflict countries.

Box 3. UNDP-private sector partnership for HIV/AIDS

In 2006, the regional HIV/AIDS programme in the Arab States and a wide range of private-sector partners created the AIDS Business Coalition in the Arab Region (ABCAR), in cooperation with the International Labour Organization (ILO), the Arab Labour Organization, the Global Business Coalition on HIV/AIDS and the World Economic Forum. Through ABCAR, the private sector acts as an agent of change, reducing discrimination and stigma to minimize HIV transmission and create an enabling environment for positive living. ABCAR is a network for sharing knowledge and providing services, business expertise, advocacy and financial support.

46. UNDP has systematically increased its engagement with the private sector. In 2004, some 70 country offices reported activities that involved the private sector. That number rose to 87 in 2005 and 103 in 2006, and involved over 120 public-private partnership projects in the areas of poverty reduction, environment and energy. One major initiative for advocacy and dialogue is the United Nations Global Compact, under which more than 35 country offices have established Global Compact national networks that serve as important mechanisms to engage the private sector in policy dialogue and specific partnership initiatives. Thirteen countries are implementing the Growing Sustainable Business initiative, which facilitates pro-poor investments and supply-chain linkages, with approximately 75 investment projects under implementation or in the pipeline.

47. There is a growing trend, globally, of UNDP creating spaces for policy engagement with civil-society partners, notably through civil-society advisory committees, on broad development issues (Botswana, Brazil, Burkina Faso, Pakistan, Philippines). Consultative mechanisms with civil society organizations (CSOs) also emerged on specific themes such as MDGs (Mexico, South Africa), human rights and indigenous issues (Kenya, Ecuador) and crisis prevention and recovery (Colombia, Liberia). UNDP supported participatory civil society assessments using the CIVICUS Civil Society Index methodology (Cyprus, Macedonia, Mongolia, Nigeria, Serbia, Uruguay, Viet Nam). The assessments are key to facilitating more effective civil-society engagement by building shared understanding and appreciation of the role of civil society in the development process.

48. The new millennium brought an expansion in philanthropic giving unparalleled since the early twentieth century. Since 2004, the number of country offices reporting partnerships with foundations increased every year. In 2006, 60 country offices reported partnerships with foundations, the majority focusing on democratic governance, energy and environment, and poverty reduction. In many instances, foundations provided an important leveraging function that helped mobilize additional partners to support United Nations programming. Leveraging capacity was especially evident in the international response to the natural disasters in Asia and the Pacific, mobilizing about $14 million in grants. UNDP continued its collaboration with traditional foundation partners like the United Nations Foundation, the Open Society Institute and the Ford Foundation, while also engaging newly established foundations such as the Bill and Melinda Gates Foundation, the Gordon and Betty Moore Foundation, Google.org and the William J. Clinton Foundation.

49. UNDP facilitated innovative partnerships among United Nations partners, the World Bank, bilateral institutions and international centres of academic excellence, which led to policy and planning support in areas such as investment planning in the Lao People's Democratic Republic; scaling up multi-sector AIDS responses and building momentum to break the silence on AIDS in Djibouti, Jordan Morocco and Syria; and drafting national human development reports in Brazil and Namibia.

50. Partnerships with UNV and UNIFEM were instrumental in achieving results. In 2006, over two-thirds of country offices highlighted their collaboration with UNV, which mobilized approximately 4,000 volunteers in support of UNDP programmes. Seventy per cent of United Nations volunteers come from developing countries, underlining the importance of local knowledge and national ownership for strengthening the enabling environment and achieving the MDGs. Examples of areas of collaboration are included in the practice analyses that follow, confirming that volunteerism in its multiple forms (mutual aid and self-help, philanthropy and service, advocacy and campaigning) are important for achieving development effectiveness. UNIFEM supported UNDP country offices and regional centres to promote gender equality through design and execution of projects and in joint programming. UNIFEM helped to design and draft an increasing number of UNDAFs, from 14 in 2004 to 42 in 2006, ensuring the inclusion of gender equality and women's empowerment in outcomes and performance indicators, as well as investments and better coordination for the achievement of gender equality objectives across the country team. Forms of collaboration on policy frameworks, such as the MDGs and the poverty reduction strategy papers (PRSPs), are growing steadily.

Mainstreaming gender

51. Gender mainstreaming is "a strategy for making women's as well as men's concerns and experiences an integral dimension of the policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated".[18] The MYFF combines a twin-track approach to gender mainstreaming. It tracks (1) the extent of integration

[18] United Nations Economic and Social Council in 1997.

of a gender-aware perspective across all strategic goals and service lines (a 'vertical' MYFF gender driver) and (2) progress and achievement of gender-specific initiatives and capacity-strengthening activities reported through a dedicated service line.

52. Over the three-year period, emphasis on the gender driver was low across all practices on aggregate; and most partners, with the exception of the private sector, considered UNDP a less critical partner in gender equality in 2005 compared to the previous year. In specific practice areas, however, such as democratic governance and HIV/AIDS, there was strong reliance on the gender driver. One reason for the high emphasis on the gender driver in democratic governance was the targeted support and capacity-building on gender issues provided by the thematic trust funds on gender and democratic governance, together with increased UNIFEM support. Revision of trust fund guidelines in 2005 to include the gender dimensions of democratic governance encouraged submission of gender-responsive proposals from country offices and yielded positive results. Capacity-building of women parliamentarian candidates in the United Arab Emirates, for example, encouraged women's political participation, which in turn contributed to specific policies benefiting women, such as the introduction of paternity leave, increased paid maternity leave, and compulsory nurseries in all large federal buildings. Capacity-building support in Zambia enabled the NGO Coordination Council and the National Women's Lobby Group to develop the capacities of women candidates. This contributed to an increase in the number of women elected to parliament from 19 to 22, with six being elected as mayors or council chairpersons.

53. Interestingly, most country offices reporting low emphasis on the gender driver also reported significant use of gender analysis in programming. This suggests, first, that field offices are taking account of gender considerations but this may not have been the primary objective of the programme or project. Second, when gender appears as a core result in the MYFF framework, the emphasis on the gender driver has tended to be high. The number of country offices reporting activities under the gender mainstreaming service line ranged from 40-58 over this period. Third, progress is also noted where the targets are gender neutral but where a human rights-based approach has been adopted and in programmes targeting the poor. The above data suggest that to make greater progress on gender, the next planning framework for the organization must both set specific gender outcomes and encourage mainstreaming. In both instances, clear, measurable indicators must be defined to enable the organization to track progress.

54. An independent evaluation on gender mainstreaming in UNDP in 2005 revealed that despite an impressive array of policy initiatives, a lack of institutionalisation of gender in UNDP has resulted in 'policy evaporation.'[19] To address this, UNDP formulated a corporate gender strategy and action plan with yearly results indicators for 2005-2006, endorsed by the Executive Board. The gender action plan places more emphasis on the MYFF gender driver. UNDP will have to implement the recommendations of the 2005 independent evaluation with all deliberate speed, including strengthening the gender expertise in country offices by appointing senior gender advisors and making adequate financial resources available for gender mainstreaming.

South-South cooperation

55. South-South cooperation initiatives, strongly propelled by subregional resource facilities, centred on sharing good practices, experience and expertise among developing countries. The highest level of South-South exchanges, reported in 2005, was largely due to the increase in demand for and offers of assistance to cope with the Asian tsunami. Regional economic commissions and subregional groupings such as the Economic Community of West African States (ECOWAS) and the South African Development Community (SADC), with the support of UNDP and other United Nations organizations, also sought to address trans-national issues (such as the development of strategies for the control of small arms and the formulation of regional conflict prevention policies) on a subregional basis.

56. Emerging donors are playing a growing role in the development process. As former recipient countries that have successfully navigated the transition process, emerging donors are in a unique position to provide expert knowledge to the development community. By sharing the experiences of their transition with other donors, they can help close the gaps in finance and development assistance that stand in the way of fulfilling the MDGs. In the democratic governance area, UNDP facilitated the transfer of expertise in democratization in parliamentary development, decentralization, and human

[19] Evaluation of Gender Mainstreaming in UNDP (2006) at page 29

rights institutions such as ombudsmen and the courts, often within the context of European integration processes. Support in the area of environment was concentrated on of sustainable development strategies, energy efficiency, and hot spot remediation. The socio-economic agenda has focused mainly on privatization issues, monetary policies during transition periods, small and medium-sized enterprise development, and HIV/AIDS response. In Europe and the Commonwealth of Independent States (CIS) region, UNDP helped to strengthen national development cooperation capacities, prepare development cooperation frameworks, and establish delivery mechanisms for official development assistance (ODA) in the Czech Republic, Estonia, Hungary, Latvia, the Russian Federation, Slovakia, and Turkey. It is preparing to do the same in Bulgaria, Romania, and Slovenia.

57. Qualitative data shows much more south-south cooperation took place than the quantitative data. In the area of environment and energy, for example, while the number of countries (e.g. Angola, India, Jordan, Malaysia) reporting south-south cooperation is low, the qualitative data describing the nature of cooperation across developing countries shows otherwise. Malaysia sought expertise in solid-waste management from Thailand; Sri Lanka shared best practices on forestry with regional partners; while the Angola Okavango River Basin project is a regional initiative that addresses both regional and country-specific development challenges. Through interregional south-south cooperation, Thailand gained experience from South Africa in the preparation of its new National Statistical Master Plan, while Uganda relied on expertise from Yemen in mine action. Much of south-south cooperation is not reported on as such, illustrating that south-south cooperation has been difficult to measure, not only because of its cross-cutting nature but also due to the absence of clear outcomes and performance indicators.

B. Achieving the MDGs and reducing human poverty

58. Developing countries experienced a number of positive economic and social changes over the reporting period. Positive growth rates, declining poverty rates, improvements in market access, increase in ODA and capital inflows have gone hand in hand with increases in school enrolment, access to basic sanitation, and reduction in child mortality. But the gains were spread unevenly within and among developing countries, with rising levels of inequality impeding achievement of the MDGs.

59. Many countries have begun to respond to these challenges by adapting their national development and poverty reduction strategies to a broader set of development outcomes encapsulating the MDGs and other national and internationally agreed goals. UNDP supported such national efforts by offering services in the following areas: (a) MDG country reporting and poverty monitoring; (b) pro-poor policy reform to achieve MDG targets; (c) local poverty initiatives, including microfinance; (d) globalization benefiting the poor; (e) private-sector development; (f) gender mainstreaming; (g) civil society empowerment; and (h) making information and communication technologies (ICT) work for the poor. Achievements in gender mainstreaming (a specific service line in this practice) are incorporated in the analysis of the gender driver earlier in this section.

60. Country demand for the services was high, with 97 per cent of country offices reporting programmes that addressed the various dimensions of human poverty. Growing national commitment was reflected in a doubling of local resources in 2006 to comprise 66 per cent of the total expenditure ($2.1 billion) on poverty reduction and MDGs. This practice accounted for the largest expenditure of regular resources over 2004-2006 (a 72 per cent increase) and 25 per cent of total expenditures, consistent with the priority to focus resources on the MDGs and reducing poverty.

61. The largest area of work in support of poverty reduction was ***local policy initiatives, including microfinance,*** which accounted for slightly under half of total practice expenditure in 2004 and 2005. There was a slight drop in demand to 38 per cent in 2006, as expenditure on support to pro-poor policy reform doubled – due in part to increasing attention placed on scaling up to meet the MDG targets. Since its inception in 2003, the Iraq Reconstruction and Employment Programme has created over 4.4 million days of work through more than 850 short-term projects and has benefited over 100,000 unemployed Iraqis. Additionally, the partnership with UNCDF enhanced access to a broad range of financial services and development of inclusive financial programmes. In 2005, there were joint UNDP-UNCDF activities in close to 80 countries. A joint local development programme in Nepal helped reduce poverty through the provision of 1,322 small-scale rural infrastructure and other public investments, serving approximately 2.3 million beneficiaries at a cost of $7 million. The challenge has been to undertake a more strategic approach to supporting local-level initiatives to facilitate scaling up.

62. UNDP supported 105 countries with ***MDG country reporting and poverty monitoring*** in 2006. This area had the highest priority over 2004-2006, accounting for roughly 32 per cent of total outcomes reported on for poverty reduction. UNDP assisted the production of 171 country MDG reports and other advocacy and knowledge products, built statistical literacy in cooperation with the Regional Commissions and raised awareness of the importance of using disaggregated data for decision-making. Innovative country-level programmes included a fiscal policy observatory in Ecuador (with support of UNICEF) to facilitate nationally owned fiscal policy planning; and MDG costing, and prioritizing of public expenditure to achieve the MDGs in the Lao People's Democratic Republic. In the Philippines, a community-based MDG monitoring system (CBMS) is being implemented in 19 provinces, 161 municipalities, 13 cities, and 14 *barangays* through the concerted efforts of the CBMS Network and local governments.

Box 4: accelerating action on the MDGs in Ethiopia

Ethiopia is one of 20 MDG pilot countries and has taken the lead in incorporating the MDGs in its Plan for Accelerated and Sustainable Development to End Poverty (PASDEP). Alignment of policy content and implementation and civil society engagement in the process increased the potential for accelerating action on the MDGs. PASDEP has a strong policy emphasis on health, HIV/AIDS, education, and infrastructure, which have been costed with the support of the United Nations Millennium Project. Further, the macro-economic implications of achieving the MDGs have been taken into account, and the resource allocation within the national budget and the medium-term expenditure framework reflect the priorities of PASDEP. The United Nations and other development partners, as part of this process, achieved consensus and won considerable gains in terms of harmonization and alignment. The PASDEP opened up the space for civil society in Ethiopia to engage in the policy and monitoring processes through the use of citizen report cards.

63. The Millennium Project, which has been integrated into UNDP, supported 38 countries in Africa and several others in Asia, the Arab States, and Latin America and the Caribbean in structuring the process of MDG-based planning, and provided training for conducting needs assessments for developing MDG strategies. UNDP addressed the challenge of transforming national development plans into MDG-based implementation strategies at the subnational level by adapting the MDGs into local government planning tools and service delivery schemes. In Argentina, for example, intermediate MDG goals are actionable by municipalities.

64. South-South cooperation played a crucial role in increasing country capacity to monitor and report on the MDGs, including through sharing experiences to establish national statistical systems. This was most prevalent in Africa, where SADC member countries took the lead in sharing their experience and best practices in statistics, data collection and poverty monitoring. In Latin America and the Caribbean, the MERCOSUR initiative *MDG: Towards Regional Cooperation* addressed the MDGs as a shared development challenge. Joint activities with UNIFEM increased from 60 countries in 2004 to 78 in 2006, and covered support for developing sex-disaggregated data, gender-sensitive budgets and analysis, and integrating gender into MDG reporting, conflict prevention and recovery.

Box 5. Brazil human development atlas

The first atlas of human development in Brazil, launched in 1998, consisted of geo-referenced software that allowed easy viewing and manipulation of a database of human development indicators, and pioneered calculation of the Human Development Index (HDI) at the municipal level. For the first time, the HDI and its components were calculated for all the municipalities of a country. In 2005, UNDP launched the *Atlas of Human Development in Recife,* the first in a series of municipal Atlases that combined three major innovations: (a) 120-plus socioeconomic indicators and calculation of the HDI at the neighbourhood level; (b) indicators for each of the seven initial MDGs at the neighbourhood level, giving communities a powerful advocacy tool; and (c) training and socioeconomic analysis materials in the software, to facilitate capacity building. The *Recife Atlas* has features to perform elaborate queries, creation of thematic maps, generation of fact sheets, and some simple statistical functions (such as creation of histograms, correlation plots and descriptive statistics), allowing non-statistically trained people to make their own analyses. The *Recife Atlas* was quickly followed by atlases for Manaus, Belo Horizonte and Salvador, with others in preparation, including one for Sao Paulo, Brazil's largest municipality. The focus on metropolitan areas of Brazil, which have the largest vulnerable populations, permits in-depth analysis of development challenges and for tailored, pro-poor policy advice to be generated and implemented.

65. UNDP support to ***pro-poor policy reform to achieve the MDG targets*** grew and deepened, with the share of expenditures rising from 15 to 24 per cent of the total for poverty

reduction between 2004 and 2006. A recent focus of research has been on identifying opportunities to secure fiscal space for the MDGs in line with capacity-building for pro-poor fiscal policies (as in China and Nigeria). Important work on the macroeconomic consequences of a dramatic scaling up of ODA to help developing countries reach the MDGs, including scaling up HIV/AIDS financing, has been carried out by the International Poverty Centre, a joint project between UNDP and the Brazilian Government to promote South-South cooperation on applied poverty research.[20] Rights-based approaches to poverty reduction were integrated into country strategies and country pilots supported in Argentina, Armenia, Benin, Bosnia and Herzegovina, Comoros, Philippines and Macedonia.

66. Global, regional and national ***human development reports*** continue to serve as powerful advocacy tools. In the same year that ODA reached a record $106.8 billion, UNDP launched the 2005 Human Development Report, *International Cooperation at a Crossroads, Aid, Trade and Security in an Unequal World.* The report examined the human costs of missed targets and broken promises. Regional human development reports included *Promoting ICT for Human Development in Asia (2005), Empowerment of Arab Women (2005),* and *Transforming Trade for Human Development in Asia and the Pacific (2006).* Ninety national human development reports were produced between 2004 and 2006. The groundbreaking report of El Salvador[21] examined the impact of migration on the lives and livelihoods of Salvadorans. That report proposed a conceptual framework for rethinking the migration issue and understanding how it can undermine democracies in both home and host countries and alter the fabric of economic activity.

67. UNDP work on ***inclusive globalization*** in some 34 countries involved a combination of advocacy, policy advisory services, and capacity development with a focus on trade, debt, and enhancing aid effectiveness and development finance. UNDP, in partnership with UNCTAD, WTO, the World Bank, the International Monetary Fund and the Inter-national Finance Corporation, strengthened capacities in 28 LDCs in three important areas: trade competitiveness; trade negotiation to prioritize poverty and human development con-cerns; and integration of pro-poor trade policy in national poverty reduction strategies. UNDP has been exploring how current approaches to debt sustainability can be made more consistent with achieving the MDGs. Country studies have been carried out in Zambia, Niger, Sudan, Indonesia and Egypt. UNDP assisted over 20 governments in developing programmes on remittances, stemming brain drain, the social impacts of migration, and mainstreaming migration into national development strategies. Regional trade and human development programmes in Africa, the Arab States, Asia-Pacific and Central Asia and intraregional initiatives have been central in highlighting critical regional issues and defining options for addressing them.

68. To support ***private sector development***, UNDP built capacities of small-scale enterprises, facilitated access to finance, markets and business linkages. For example, in collaboration with the Uganda Investment Authority and UNCTAD, UNDP supported the establishment of 24 market linkages between six large local and trans-national companies and 24 micro-, small, and medium-sized enterprises, representing more than 4,000 members. Country offices reported that the drivers of forging partnership for results and developing national capacities, in addition to fostering an enabling policy environment, were important under this service line.

69. The emphasis on ***civil society empowerment*** and partnerships with CSOs in the PRSP process, poverty reduction, and implementation, assessment and localization of MDGs emerged strongly in all regions. Fifteen countries[22]began to implement MDG localization programmes to strengthen local civil-society partners under an agreement between UNDP and the Netherlands Development Organization. Although community mobilization is often a key component of projects in all service lines, projects often fail to draw on CSO interventions in complementary areas to maximize impact.[23]

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[20] In the area of MDG-consistent fiscal policies, global knowledge products include a well-received policy paper on fiscal space for public investment presented at the World Bank-IMF Fall meeting in 2006, with case studies of Morocco, Senegal, Thailand and Venezuela. See *Fiscal Space for Public Investment: Towards a Human Development Approach* (2006) by Rathin Roy, Antoine Heuty, Emmanuel Letouze, pp. 13-14. Also see *"Gearing Macroeconomic Policies to Manage Large Inflows of ODA: Implications for HIV/AIDS Programmes"* by Anis Chowdhury and Terry McKinley, and *"The Macroeconomic Debate on Scaling up HIV/AIDS Financing"* by Terry McKinley and Degol Hailu.

[21] www.desarrollohumano.org.sv/migraciones

[22] Albania, Benin, Ethiopia, Ghana, Guinea-Bissau, Honduras, Kenya, Macedonia, Malawi, Niger, Serbia, Tanzania, Uganda, Viet Nam, Zimbabwe

[23] A 2006 evaluation of the UNDP Bangladesh project, Local Partnerships for Urban Poverty Alleviation, found that the project failed to draw on other local resources, particularly NGO interventions in health, education and income generation, to maximize the impact of the project in reducing urban poverty.

Engagement often appears to be episodic, project rather than partnership driven, or focused on inclusion in policy-level processes.

70. Total expenditures on ***ICT for development*** more than doubled, from $28 million to $64 million and from 5 per cent to 7 per cent of total poverty expenditures. UNDP support helped strengthen the development dimensions of national ICT policies; the deployment of ICT for job creation, small and medium-sized enterprises and socio-economic development; and policy options to address the needs of under-served areas.[24] Programmes supported through a dedicated ICT for development thematic trust fund and the Japan Women and Development Fund highlighted the benefits of ICT to enhance women's empowerment (India), build partnerships and scale up mainstreaming (Maldives, Nepal), and have impact on policy (Djibouti, Mozambique).

Lessons learned

71. MDG-consistent macroeconomic and debt sustainability frameworks need to be better integrated with MDG-based national development strategies to secure inclusive growth. Support must also be scaled up to meet the MDGs. Increased support to pro-poor policies and integration of the Millennium Project into the Poverty Practice have allowed UNDP to strengthen support for MDG costing and needs assessments and permitted coordination between this work and the support for pro-poor policies.

72. Given the growing inequalities within countries, it is becoming clear that national MDG strategies need to be complemented by a focus on MDG achievement at a subnational level, particularly in middle- and low-income developing countries with major inequalities. Such MDG 'localization' needs to link with local development and decentralization processes. Greater focus is needed on cross-practice work and inter-organization partnerships, such as with UNCDF, and to ensure that microfinance work – one of the largest areas of expenditure for poverty reduction – is more strategic and sustainable in the future.

73. Strengthening national capacities to analyze trade trends and policies and their effects on poverty reduction and human development is a critical priority. It is also important to identify how MDGs attainment in individual developing countries may be constrained by the policy choices of the rest of the international community on issues such as aid, trade, debt, intellectual property and migration. UNDP will have to continue to contribute substantively to such analysis and to assist countries in strengthening their trade capacity for poverty reduction and human development and that development-oriented trade policies are integrated in national development strategies.

C. Fostering democratic governance

74. The promotion of democratic governance is both a means to help achieve the MDGs and an end in itself. In the period under review, UNDP was one of the largest providers of governance technical assistance globally, spending over $3.8 billion worldwide. Almost all UNDP country programmes were engaged in promoting democratic governance.[25] Eighty per cent of resources were spent on three service lines: public administration reform and anti-corruption; electoral systems; and decentralization and local governance. Most of that involved non-core resources and almost half (46 per cent) was

Box 6. the Democratic Governance Thematic Trust Fund

The UNDP democratic governance thematic trust fund, established in 2001, has supported almost 500 projects at the country level, as well as several global and regional initiatives. Since 2002, the total amount received under the global window is approximately $84.2 million. The trust fund has strengthened the capacity of UNDP country offices to define and apply new approaches to democratic governance, mobilize resources and create strategic partnerships. In 2005, approximately two-thirds of country offices reported that the trust fund helped them raise additional resources from donors, government, and/or the private sector; build strategic partnerships; and ensure sustainability and local ownership of projects. The fund generated incentives to present projects that promote corporate and thematic priorities, such as gender equality and stimulating south-south cooperation. An electoral project in Cape Verde reinforced south-south cooperation by forging partnerships and strengthening dialogue with other LDCs, such as Angola, for the organization of elections.

[24] Advocacy and knowledge products included *Promoting ICT for human development in Asia: realizing the Millennium Development Goals* from the regional programme for Asia and the Pacific; *Development divides and digital bridges, why ICT is key for achieving the MDGs* and *Community-based networks and innovative technologies: new models to serve and empower the poor*, (Seán O. Siochrú and Bruce Girard, 2005).

[25] Democratic Republic of Korea, Latvia, Myanmar and Poland are the four UNDP offices that do not work on democratic governance.

generated at the country level, confirming national ownership of democratic governance outcomes.

75. ***Public administration reform*** absorbed 38 per cent ($1.48 billion) of the resources spent on democratic governance. While the high share of this portfolio is consistent with a four-decade trend, UNDP emphasis shifted from traditional technical advice in public administration and civil service reform to combating corruption and encouraging transparency. The urgency of achieving the MDGs also renewed interest in strengthening state delivery capacities. In particular, it has focused attention on improving the quality, responsiveness, accountability and transparency of the public sector to manage the delivery of goods and services, particularly for the poor.

76. ***Electoral assistance*** accounted for one-fifth (22 per cent) of all democratic governance expenditure. In addition to supporting election events, activities encompassed an electoral cycle approach. This will help build professional institutions, develop effective legal frameworks, and promote sustainable processes to ensure credible, meaningful and cost-effective elections. In 2006, UNDP played a pivotal role in supporting elections in the Democratic Republic of the Congo, the largest electoral-support undertaking in United Nations history. The $145-million UNDP programme, with collaboration from UNV, involved support for voter registration, training political parties, the constitutional referendum, and the presidential, legislative and provincial elections, in close coordination with the electoral division of the Mission de l'ONU en République Démocratique du Congo and the United Nations Department of Political Affairs. Results were collected from 50,000 polling stations, many in remote locations. The success of the elections, evident in high voter turnout across the country and acceptance of the results by all the major parties, was a crucial step towards establishing peace in the country. In Afghanistan, electoral support and institution-building resulted in the registration of a record 11 million voters, 6.4 million of whom turned out to vote. In December 2005, the new parliament – with 40 per cent women – was inaugurated.

77. ***Decentralization and local governance*** presented a consistent picture of solid demand and expenditures distributed widely across programme countries, and accounted for another fifth (21 per cent) of all democratic governance expenditure. In 2004 and 2005, this service line represented the highest demand by programme countries. The key UNDP contribution was developing capacities and partnerships of local governance actors, in particular with respect to policy formulation, service delivery, and resource management, in about 25 countries through joint programmes with the UNCDF. In Mozambique, for example, the improved capacity to provide public services efficiently and equitably was achieved primarily by decentralizing state power, strengthening local government, and generating income at the local level.[26] Recognizing the need to address the policy, capacity-building and sector investment needs of local governments in a holistic way, UNDP and UNCDF supported the development of national programmes for decentralization and local development, using a sector-wide approach, in countries such as Bangladesh, Nicaragua, Senegal and Yemen. In Albania, through an infrastructure of local self-governing community-based organizations (CBOs), communities were involved in determining local development priorities and participatory planning activities, as well as in implementing small infrastructure projects. By creating models and providing support to project implementation, UNV helped communities to understand volunteerism as an asset for development and social inclusion. As a result, 126 CBOs were set up in three regions, providing a sound volunteer infrastructure base; regional development strategies were prepared in two regions (Kukes and Fier), and partnerships were strengthened among concerned levels of government.

78. UNDP work in ***justice and human rights*** grew rapidly, almost doubling in expenditure from $65 million in 2004 to $103 million in 2006. Although this constitutes only 8 per cent of the total democratic governance portfolio, work in this area represented the highest demand of any service in the democratic governance practice in 2006, with three-quarters of all programme countries reporting outcomes against this service line. UNDP helped to build the capacity of national human rights commissions (Azerbaijan, Ethiopia, Maldives, Nepal and Rwanda) and supported a number of national human rights action

Box 7. Justice and the rule of law

The UNDP assessment of development results for Serbia, 2006, recognized the UNDP-supported Justice Training Centre as having acted as a springboard for new and strategic UNDP projects, in judicial reform and the rule of law. UNDP developed its expertise carefully, scaled up its activities cautiously in the early post-conflict period in Kosovo. UNDP positioned itself well to make a difference in a few, well-chosen issues (such as improving the professionalism and competency of the judiciary, legal aid, and support to transitional justice through research and facilitation of information exchanges).

[26] UNDP ADR Mozambique, 2005, page 47.

plans (Cape Verde and Moldova). UNDP efforts led to the development of the 'legal sector master plan' in the Lao People's Democratic Republic; the creation of regional ombudsman's offices (such as in Azerbaijan), and several joint programming initiatives under the umbrella of the United Nations Action 2 Initiative on human rights. Democratic governance initiatives with CSOs were especially high in the Europe and CIS region. Areas for engagement included gender advocacy to increase women's participation and increase capacity of women's NGOs; decentralization and local governance reform; participatory policy-making; and e-governance and development of the electoral code. One notable element with respect to justice and human rights and capacity development is the increased reporting on the application of a human rights-based approach to programming. A total of 23 country offices reported on the application of a human rights-based approach. In Latin America, UNDP has developed assessment frame-works, tools and instruments for reforms and improvements in the public security sector, with a particular emphasis on local communities and gender justice in response to violence against women and children. For instance, Bolivia produced a successful report on public security and the police force, which is now being used as a 'good practice' by Colombia and Peru.

79. Support for ***parliamentary development*** expanded. Although it represented only 2 per cent ($76 million) of total programme expenditure in the practice, roughly 45 countries per year reported results under this service line. Most parliamentary development programmes were fairly small in scale. Nevertheless, since parliamentarians represent an important segment of political leaders, low-cost programmes can have a large impact on the quality of democratic governance. For example, an evaluation of the UNDP Global Programme for Parliamentary Strengthening (GPPS) found that the initiative had "leveraged relatively limited resources into some major impacts at the country level".[27]

80. ***E-governance and access to information*** comprised the smallest component of the democratic governance portfolio, representing less than 2 per cent of total expenditures. Yet expenditure in the service line grew fast, from $13 million in 2004 to $22 million in 2006, with one-fifth of all programme countries reporting. UNDP support concentrated on building transparency and accountability of government functions, as well as citizen engagement with independent news media. Over the past five years, UNDP Azerbaijan has developed a portfolio of e-governance programmes valued at some $12.2 million, making it one of the largest mainstreamed e-governance programmes in UNDP. An independent outcome evaluation of four projects within its e-governance portfolio found that the UNDP approach to ICT in the service of public reform was highly strategic.

81. Across all service lines, there is growing interest in integrating conflict prevention or adapting specific approaches in specific post-conflict conditions. In post-conflict situations UNDP is engaged in sensitive but critical areas, supporting transitional justice (Liberia, Sierra Leone) and security sector reform initiatives. Assistance includes legislative drafting for the establishment of truth and reconciliation bodies and special courts/tribunals (Bosnia and Herzegovina, Timor-Leste); prosecution services (Arab States, Timor-Leste) and demobilization programmes; and democratic oversight in military and civilian defence budgets. The GPPS conducted a review of some 30 case studies of the role of parliaments in crisis prevention and recovery.[28] The lessons learned were included in a series of guidelines for the international community, *The role of parliaments in crisis prevention and recovery.*[29]

82. There was significant progress in ***improving women's political participation,*** including gender mainstreaming using a rights-based approach. Activities in this area related to facilitating women's participation in elections, training of women paralegal professionals and supporting representation of women in arbitration committees and their equal role in resolving disputes. Initiatives also focused on strengthening national systems and CSOs to promote and protect human rights, enabling poor and disadvantaged groups to seek remedies for injustices. Results from those interventions demonstrate increased numbers of women elected representatives through the use of quotas (Mauritania, Rwanda) and capacity building of local women's leaders resulting in improved service delivery for women (Egypt, Ghana, India).

83. Core results in each of the service lines included an emphasis on developing capacities for democratic governance. The Project on Democratic Development in Latin America (PRODDAL) has deepened understanding of political processes and social-economic challenges in Latin America. Its most influential report, *Democracy in Latin America: Towards a Citizens' Democracy*, posits that

[27] Dr. Jonathan Murphy, Dr. Alkache Alhada, Draft GPPS midterm evaluation, executive summary, p. 1.

[28] http://www.parlcpr.undp.org/overview.htm

[29] http://www.parlcpr.undp.org/docs/GPPS_Guidelines.pdf

democracy is not limited to electoral processes but entails the development of citizenship in all its dimensions (political, economic civil, social and cultural). *Democracy in Latin America* has become a conceptual platform from which to analyze specific challenges and responses to democratic governance at the national level: several countries (Mexico, Costa Rica, Guatemala, El Salvador, Colombia, Ecuador, Peru, Bolivia, Brazil, Paraguay and Uruguay) have elaborated national reports. PRODDAL also inspired two important regional projects. The *Virtual School for Democracy* is a learning initiative that seeks to deepen the knowledge and understanding of what constitutes democratic citizenship. The combination of effective teaching material with high-end technology has extended the reach and impact of PRODDAL's ideas, making it available to members of various communities in the Caribbean and Latin America. It is one of the most innovative approaches to capacity development in the region. The other, the strategic short-term political analysis and prospective scenarios for improved governance in Latin America (PAPEP), is a tool that helps government officials map out the possible outcomes of their policy decisions. This programme is active in Argentina, Bolivia, Honduras, Panama and Uruguay.

Lessons learned

84. UNDP played a coordinating role vis-à-vis United Nations peacekeeping and political missions in a number of electoral events. As peacekeeping and other missions are phased out, UNDP will be taking the lead in electoral assistance. That will require building and sustaining its capacity to support the professionalization of electoral management bodies as institutions of governance; provide technical assistance to local elections; and engage over time with other actors, such as political parties, civil society organizations and the media. Additionally, UNDP needs to continue its emphasis on the broader electoral cycle approach, which centres on longer-term support. Thinking about electoral processes as ongoing or cyclical activities helps to integrate elections into a broader democratic governance agenda. Promotion of the nexus of elections and conflict prevention should also continue.

85. The need to provide strategic programming rather than disparate projects at the country level pushes UNDP to rethink how best to ensure a comprehensive, responsive approach to democratic governance. That need is reinforced by the natural convergence of UNDP support in capacity-building to improve public service delivery (public administration reform, decentralization and local governance, parliamentary development). The service lines are expected to be grouped under the key results area of strengthening responsive governing institutions in the new strategic plan.

86. The lessons from progress in mainstreaming human rights in development programming provide entry points for strengthening efforts in gender and capacity development. A common approach and systematic tools can help improve the response to the gender and capacity development agenda.

87. There is a trend towards more integrated national governance programmes that combine a number of existing service lines in one multidisciplinary development programme. The results reporting framework needs to define a methodology for measuring results in multidisciplinary programmes to take that trend into account.

D. Environment and energy for sustainable development

88. UNDP continued to promote the vital role of environment and energy in achieving the long-term goal of sustainable development. Annual spending increased 30 per cent between 2004 and 2006 and totalled $950 million for the three-year period. The increase was due in large part to efforts by the Global Environment Facility (GEF) unit to expand its share of GEF approvals. During the third GEF replenishment cycle (2003-2006), UNDP accounted for 43 per cent of all approvals, up from only 29 per cent during the first cycle (1995-1998). Environment and energy comprised 19 per cent of all reported outcomes in 2006. Even so, UNDP work in this area is generally under-represented. Country offices often map environmental projects to other practices, as most such projects have major poverty or governance components. The magnitude of this under-reporting during the three-year period is at least $130 million,[30] which could significantly alter the analysis below.

89. About 28 per cent ($262 million) of UNDP environmental resources during 2004-2006 was spent on sustainable development frameworks and strategies; 28 per cent ($263 million) on the conservation

[30] The audited disbursement of funds through UNDP from GEF and the Multilateral Fund (MLF) of the Montreal Protocol during 2004-2005, plus estimated disbursements during 2006, totalled $626 million. That figure is $130 million higher than the amount reported by country offices, apparently as a result of GEF- and MLF-funded projects being mapped to non-environment service lines.

and sustainable use of biodiversity; and 20 per cent ($188 million) on access to sustainable energy services. Lesser amounts were spent on effective water governance ($108 million), controlling emissions of ozone-depleting substances and persistent organic pollutants, or POPs ($67 million), and sustainable land management ($49 million). The largest share of these resources was spent in Latin America and the Caribbean ($323 million, or 34 per cent) and Asia and the Pacific ($239 million, or 25 per cent). Between 10 and 15 per cent of these resources was spent respectively in Africa ($147 million), the Arab States ($134 million) and Europe and the CIS ($107 million). Funding to all regions increased between 2004 and 2006, including a 91 per cent increase in Europe and CIS (from $22 million to $42 million) and a 46 per cent increase in Africa (from $39 million to $57 million).

90. Strong delivery was accompanied by stronger resource mobilization. Resources mobilized during 2004-2006 in connection with GEF totalled $2.751 billion, including $737 million in grants from GEF and $2.013 billion in co-financing. At the end of 2006, UNDP had a total of $910 million grant funding approved by GEF to be disbursed during the next 3-7 years. Additionally, the UNDP/GEF business plan for 2007-2011 anticipates securing another $925 million in grant funding from GEF.

91. During 2006, 34 per cent of all environmental outcomes reported by country offices were associated with support for ***frameworks and strategies for sustainable development***, which facilitate country-driven integration of environmental sustainability into national development frameworks, including poverty reduction strategies. Eighty-four countries were engaged in this service line in 2006. UNDP efforts ensured that environmental concerns were adequately reflected in the economic development and poverty reduction strategy and district development plans in Rwanda. Ghana used strategic environment assessment (SEA) processes to mainstream dry land development issues in district-level planning, and Iran developed a national SEA framework that is being applied to its energy sector.

Box 8. United Nations reform in action – UNDP partnership with UNEP

The 2004 TCPR resolution called for "a more comprehensive system-wide involvement of all organizations of the United Nations system in the overall effort to support developing countries … and facilitate the fuller use of capacities available within the system … on the basis of comparative advantages…". In response, UNDP and UNEP are strengthening their global, regional and country-level cooperation to help countries accelerate progress toward achieving the MDGs. An MOU between the organizations establishes how each will contribute to joint activities. The MOU has been put into practice, principally through the joint UNDP-UNEP Poverty and Environment Initiative launched during the World Summit in 2005. To scale up that successful experience, UNDP and UNEP set up the joint Poverty and Environment Facility in Nairobi. In 2005 UNDP and UNEP also launched new partnerships on the strategic management of chemicals and climate change.

92. In the area of ***effective water governance***, UNDP focused on raising the profile of water in national development frameworks and building capacities for implementation. UNDP assisted a number of countries, such as Botswana and Kazakhstan, to develop national integrated water resources management strategies and another 50 countries, including all small island developing States, to achieve the water-related MDGs. With UNDP support, Chad, China, Kenya, Sudan, Ukraine and others developed national plans, tariff structures, legislation and regulatory systems for water and sanitation.

93. At the local level, UNDP promoted decentralized water management responsive to the needs of the poor. Community-level projects on water-resources management and water supply and sanitation in over 30 countries contributed to strengthening local ownership of resources. In India and Sri Lanka, the success of pilot projects in ecologically-friendly sanitation elicited demands from municipal and state governments to scale up sanitation services. At the international level, UNDP continued to play a key role in transboundary water resource management in 15 lake and river basins in over 100 countries by helping to set priorities, build consensus on governance reforms and investments, strengthen institutions, and support the implementation of action programmes.

94. Over half of the energy-related projects and financing addressed ***access to sustainable energy services***. The portfolio in Africa quadrupled, thanks to three regional energy programmes. UNDP supported ECOWAS in mainstreaming energy considerations into regional development strategies. With the help of UNDP, ECOWAS committed to an ambitious regional target of increasing access to modern energy services fourfold within rural and urban areas by 2015.

95. UNDP continued to help countries transition to sustainable energy systems. GEF grants and leveraged co-funding represented roughly 85 per cent of the total UNDP energy-related portfolio. Most of these projects promote environmentally sustainable systems – through improved efficiency and the adoption of renewable energy technologies – and address climate-related energy challenges. The GEF Small Grants Programme played an important role in building capacity at the community level for increasing energy access for the poor.

96. Under the ***sustainable land management*** service line, UNDP supports farmers, herders and others who rely on land for their livelihoods. The solution to widespread land degradation is partly technical in nature, but is predominantly related to the way land is owned, governed and used. UNDP helped 64 countries to mainstream sustainable land management into development frameworks, enhance land tenure security, build capacities for decentralized natural resource governance, promote private sector involvement, and adapt to climate change, especially related to drought and floods. UNDP piloted new approaches to sustainable land management through GEF country partnership programmes, notably in Burkina Faso, Cuba and Namibia. The UNDP Drylands Development Centre (DDC) developed a major initiative on land tenure, which enabled UNDP to work with the African Development Bank the African Union and the Economic Commission for Africa to develop Africa-wide guidelines in land tenure. The DDC also coordinates the Africa Drought Risk and Development Network, which brings together policy makers around issues of drought, famine and humanitarian relief. The World Initiative for Sustainable Pastoralism – financed through the GEF, IFAD and other donors – was initiated by UNDP and has helped to tackle the complexities of managing common property systems with modern legal, governance and technological tools.

97. In the area of ***conservation and sustainable use of biodiversity***, UNDP delivered capacity development, knowledge management, policy advice and advocacy to more than 50 countries. UNDP efforts to help factor biodiversity and ecosystem services into national planning led to: (a) integrating the MDGs into the work programme of the Convention on Biological Diversity and incorporating the 2010 biodiversity target into the MDGs; and (b) co-producing the analytical reports *Millennium Ecosystem Assessment*, *World Resources Report*, and *Climate Change Futures: Health, Ecological, and Economic Dimensions*. Those reports provided new and better tools and methods for assessing the state of global biodiversity and ecosystem services and made the economic case for their protection.

98. To empower governments and local communities to manage biodiversity and ecosystem services, UNDP recognized outstanding community efforts through the Equator Prize in 2004 and 2006; hosted six 'community dialogue spaces' to influence policy and develop local capacity; and developed web-based tools on community best practices. These results helped community perspectives affect global and national policies, notably during the 2005 World Summit.

99. A total of 21 countries reported outcomes under the service line ***control of ozone-depleting substance and POPs*** in 2006. Over the last three years, this service line generated $79.8 million in new funding to support ozone protection and the elimination of POPs. The global initiative – the 'strategic approach to international chemicals management' – encouraged the incorporation of sound chemicals management into development planning processes, allowing UNDP to draw on its comparative advantage to mainstream such considerations into national development goals. The period was marked by innovative programmes that promoted synergies between ozone protection and climate change, and strengthened partnerships with UNEP, WHO and donors.

100. UNDP supported country efforts in ***climate change mitigation and adaptation***. UNDP is the implementing agency for national adaptation programme of action (NAPA) projects in 30 LDCs to develop country-wide programmes encompassing urgent adaptation activities to address present and anticipated adverse effects of climate change and extreme events. Of the 30 countries, seven (Bangladesh, Bhutan, Burundi, Kiribati, Malawi, Niger and Samoa) submitted their completed NAPA documents to the United Nations Framework Convention on Climate Change; and follow-up NAPA projects in Bangladesh, Bhutan, Cambodia, Niger and Samoa are being developed. UNDP supported the formulation of more than 200 individual national communications on climate change and adaptation, 29 national adaptation programmes of action; and 22 pilot projects on adaptation in 43 countries, all of which have considerable relevance to water.

Lessons learned

101. Several trends emerge from the above analysis. First, frameworks and strategies for sustainable development are increasingly important for UNDP in the field of environment and energy. Second,

environmental finance is emerging as a key area for UNDP. While UNDP will continue to serve as an implementing agency for GEF and other environmental trust funds, such funds could be dwarfed by new emerging mechanisms for environmental finance. UNDP has embarked on this path through the MDG Carbon Facility. [31]Third, adaptation to climate change could become the most serious challenge to international development during this century. UNDP has been involved in climate change adaptation since the early 1990s, when it developed the Adaptation Policy Framework[32]to help translate vulnerability and adaptation studies into adaptation policies. Methodologies have been tested, and UNDP is ready to support the implementation of pilot projects. Finally, activities to expand access to modern energy and water services for the poor have gained significant momentum, particularly in LDCs. Developing national and local capacities to manage the environment and expand access to such services is paramount to reducing inequalities and achieving the MDGs.

102. Underpinning all this, UNDP will need to work more closely with other partners, especially UNEP. UNDP is a founding member of the Poverty and Environment Partnership[33][and works closely with UNEP, the World Bank and other international organizations. Such partnerships need to be strengthened. By collaborating more closely with UNEP, UNDP will promote better system-wide coherence in environmental management and support a 'One UN' approach at the country level.

E. Crisis prevention and recovery

103. The work of the crisis prevention and recovery practice was organized around six service lines: (a) conflict prevention and peace building; (b) recovery; (c) small arms reduction and disarmament, demobilization, and reintegration, or DDR; (d) mine action; (e) natural disasters; and (f) special initiatives for countries in transition. On average, 60 per cent of UNDP country offices reported activities in this practice; and overall expenditures amounted to $1.05 billion worldwide (roughly $350 million per year). Most of this involved non-core resources. The highest expenditures were in recovery, special initiatives for countries in transition, and conflict prevention and peace building. The service line with the highest number of countries reporting (40) was natural disasters.

104. While there has been a substantial increase in UNDP programming across all service lines, this is not fully reflected in the MYFF results. In this practice too, programmes are often reported as part of a broader portfolio (under 'democratic governance and environment', for example).

105. The primary impact of UNDP assistance for Member States in developing national capacities for ***conflict prevention and peacebuilding*** has been threefold: First, in a number of initial experiences, Member States have successfully reduced prospects for violent tensions as a result of issues such as land reform, distribution of resources, and modalities for participation and inclusion in diverse societies. Second, several countries launched significant and potentially sustainable efforts to build national and local capacities for conflict prevention and transformation. Third, these initial positive experiences led to increased buy-in from Member States for efforts to build such capacities.

Box 9. managing ethnic diversity: the experience of Guyana

Following rising tensions in the aftermath of national elections in 2002, the Government of Guyana requested support for efforts to enhance social cohesion and build the capacities necessary for dialogue among different groups and sectors. The resulting social cohesion programme (SCP), implemented by the United Nations system as a whole, built capacities of key national actors – government, political parties, civil society, local govern-ments, media and the uniformed services – for the peaceful settlement of disputes and sustained negotiation and dialogue. In 2005, the President issued a call for a 'national conversation', which was launched in early 2006 as a part of a wider strategy for preventing violence during elections later in the year. Mediators trained under the auspices of the SCP facilitated the dialogue. The improved cohesion contributed to violence-free national elections in 2006, followed by a peaceful aftermath.

106. Governments and civil society in many developing countries now recognize that the development process can lead to conflict as resources are shifted and new actors and priorities emerge. The challenge, especially in diverse societies, is to manage conflicts so that instead of leading to violence, they are transformed into opportunities for positive change. For instance, UNDP assisted the Government of Nigeria with a multi-stakeholder 'strategic national conflict assessment' that identified

[31] MDG Carbon Facility: Mobilizing Carbon Finance for the Millennium Development Goals, http://www.undp.org/mdgcarbonfacility/docs/BookletMDGCarbonFacility.pdf.

[32] User's Guidebook for the Adaptation Policy Framework (2003) at http://www.c-ciarn.ca/app/filerepository/50983999B2834D6BA3D30137DDE0CFD9.pdf

[33] http://www.povertyenvironment.net/pep.

factors driving inter-community and inter-religious violence and built capacities to address emerging tensions before they lead to violence. Initial successes include the reduction of inter-religious violence in Central Nigeria. Countries as diverse as Chad, Ecuador, Ethiopia, Kyrgyzstan, and St. Kitts and Nevis received support for building national and local capacities to manage conflicts and transform them into opportunities for progress.

107. To provide effective support, UNDP developed practical tools, such as the 'conflict-related development analysis', and documented lessons learned and best practices emerging from their applications. For instance, through the Regional Project on Democratic Dialogue, which promotes socio-economic consensus through dialogue in Latin American and the Caribbean, UNDP supported the development of the *Handbook of Democratic Dialogue* with key partners; the creation of a network to facilitate dialogue in the region; and the consolidation of a community of practice.

108. UNDP also integrated cross-cutting issues such as human rights, gender and youth into its conflict prevention and peacebuilding work. Examples range from capacity-building initiatives for youth on negotiation, conflict transformation, and business and life skills (Kyrgyzstan, Nigeria, Sierra Leone and Zimbabwe), to job creation efforts for militant youths (Liberia, Nigeria, Sierra Leone), to programmes that promote peace in schools, such as the school-based 'Peace Ambassadors' programme in Barbados.

109. There is now substantial acknowledgment by the international community that ***recovery assistance*** must be provided from the earliest possible stage of crisis, building the foundations for peace and long-term development interventions. UNDP and development partners can play a key role during the emergency phase to begin rebuilding the capacity of local actors and support economic and reconciliation activities.

110. Impact at the country level is most notable in, first, the development of multi-sector frameworks for recovery and strengthened capacities of national actors to participate in analysis and planning. UNDP played a central role in the development of a joint United Nations-World Bank methodology (post-conflict needs assessment) for multi-stakeholder assessment and planning exercises to identify post-conflict recovery needs and inform national recovery strategies and plans. The international community (led by the World Bank and the United Nations) has applied the approach in Haiti, Iraq, Liberia, Sudan (and Darfur in a dedicated exercise), and Somalia. Following the joint United Nations/ World Bank review of this experience in 2006, those exercises are expected to become standard practice to inform national transition and development plans, prepare donor conferences, and form the foundation for coherent implementation plans, aid coordination and priority-setting among national and international partners.

111. The second main area of recovery programming is the support of comprehensive and sustainable reintegration programmes for internally displaced persons, returning refugees and ex-combatants through the '4Rs' approach (repatriation, reintegration, rehabilitation and reconstruction) and area-based programming. The main focus was on the reestablishment of basic governance functions, capacity building initiatives, and recovery planning. Area-based programming encouraged integration of local capacity development initiatives into recovery programming, with systematic efforts to build the skills of civil servants and civil society to plan and manage the recovery process. In Sri Lanka, UNDP incorporated capacity development initiatives for local governance and civil society in conflict-affected districts into its reintegration and recovery activities. This resulted in greater involvement of CBOs, many of them run by women, in decision-making at the district level, and peacebuilding activities driven by and for conflict-affected populations. UNDP helps national authorities to deliver essential public services and establish basic security in countries emerging from crisis to bridge volatile transition periods, assisting authorities to move towards sustainable peace, democratic reform and reconstruction. Special initiatives for countries in transition accounted for approximately 31 per cent ($322 million) of overall

Box 10. Emergency Economic Management Fund in Guinea-Bissau

The Emergency Economic Management Fund was set up in Guinea-Bissau in 2003 to channel financial assistance of donors supporting the Government Emergency Economic Management Plan. The Fund, administered by UNDP, was instrumental in financing part of the deficit of the emergency budget, and, from 2005, in facilitating direct budgetary support to the general budget. The Fund proved to be a viable and rapid mechanism for funding emergency and priority expenditures in Guinea-Bissau. It was crucial in helping the Government meet critical social commitments in sectors such as health, education, and public utilities, thus reducing the risk of social strife

crisis prevention and recovery expenditures, and ranged from budgetary and operational support, rehabilitation of administrative infrastructures and interim and time-bound support, to urgently needed public services and immediate institutional recovery, to capacity-building and reform. There was strong demand for support to establish post-crisis emergency funds. From the first experience of setting up an emergency fund in Afghanistan, in 2003, the model was replicated with modifications in Guinea-Bissau in 2004 and in Somalia in 2005.

112. In the area ***of small arms reduction and disarmament, demobilization and reintegration (DDR)***, UNDP assisted more than 40 countries in all regions, with some positive results. Burundi, Central African Republic, Haiti and Sudan, for example, incorporated small arms reduction and/or armed violence issues into their national development frameworks and programming. A number of countries (Bosnia and Herzegovina, El Salvador, Serbia, Uganda) established or upgraded their national capacities for weapons collection, management, control and destruction. Hundreds of thousands of surplus or obsolete weapons, and millions of units of associated ammunition, have been safely destroyed as a direct result of UNDP support. Countries emerging from conflict (Angola, Kosovo, Liberia, Republic of the Congo, Sierra Leone,) have reduced use of small arms and armed violence at the community level, improving security and enhancing prospects for development. UNDP has emerged as a global leader on small arms and DDR policy and programming.

113. UNDP ***mine action*** work is guided by an inter-organization policy that clearly defines the roles and responsibilities of all United Nations partners, and an inter-organization strategy that determines the road map for ensuring nationally owned, sustainable mine action programmes. UNDP contributed to enhanced living conditions in over 40 mine-affected countries. A number of countries integrated mine action within broader development frameworks and development programming (Angola, Bosnia and Herzegovina, Cambodia, Mozambique). There was greater focus on capacity-building of national mine action structures. An independent evaluation of a UNDP-supported mine action programme in Yemen concluded that significant progress had been achieved and that the organizational structure of the Yemen Mine Action Centre was now capable of addressing all the components of a mine action programme nationally. After seven years of international technical presence, the Yemeni programme is nationally run, with minimal administrative and financial support from UNDP. Globally, more than 740 square kilometres, or close to 75,000 football fields (the greatest area ever cleared in one year) were demined in 2005 by mine action programmes, increasing food security through access to arable and grazing land, improving health and hygiene by providing access to water, sanitation, health posts and educational services. Bosnia and Herzegovina, Cambodia and Yemen alone accounted for almost half of the total area cleared. Since their inception, all three country programmes have received continuous and considerable technical and financial support from UNDP.

114. An extraordinary sequence of large-scale ***natural disasters***, such as the hurricane season in the Caribbean in 2004, the Southeast Asian earthquake and tsunami, Hurricane Stan in Central America in 2005, and the trans-Himalayan earthquake in Pakistan engaged national governments, donors, the international community, CSOs and others in a new search for effective strategies and actions to reduce disaster risk. In addition, the growing evidence that climate change is altering the frequency, magnitude and predictability of weather-related hazards influenced public opinion and led to growing political pressure to address the issue. In January 2005, the World Conference on Disaster Reduction, held in Kobe Japan, approved the Hyogo Framework of Action, with the objective of significantly reducing disaster risk by 2015.

115. UNDP has refined its approach to disaster risk reduction and recovery following a 2004 review that concluded that in many countries there was a lack of strategic engagement by UNDP over an extended period and that disaster risk reduction needs to be mainstreamed into development planning. Despite many successes in disaster risk mainstreaming in the context of recovery following major natural disasters, the review indicated that UNDP lacked a coherent approach to post-disaster recovery that could facilitate the incorporation of risk reduction concerns.[34]

116. Taking the above into account, UNDP realigned its approach along three complementary axes: (a) *technical competency,* to consolidate support to countries in areas such as governance, risk identification, post-disaster recovery, urban risk management, climate risk management and capacity development; (b) *country focus,* to concentrate efforts in a smaller number of high-risk, low-capacity

countries; and (c) *system-wide coherence* in each of those technical areas, to leverage knowledge, expertise, and best practice in favour of programming at the national level. Due to this realignment, by the end of 2006 UNDP had become an established leader in disaster risk reduction, with recognized expertise and measurable results at the national, regional and global levels and more than $100 million programmed through its disaster risk reduction projects. For instance, following the 2003 Bam earthquake, UNDP, with the Government of the Iran, developed a national programme to reduce risk to earthquake and drought with significant government cost-sharing. National disaster database systems were established in India, Indonesia, Maldives, Sri Lanka and Thailand, to provide governments with a means to record disaster impacts and measure losses. The Caribbean Risk Management Initiative assisted knowledge transfer and networking among countries in the English- and Spanish-speaking Caribbean and between the disaster risk and climate change communities. In Africa, member states adopted a regional disaster risk reduction strategy in December 2005, and DRR is firmly on the development agenda in an increasing number of countries in or emerging from crisis. In Europe and the CIS (Ferghana Valley), where seasonal natural disasters interact with hazards such as mine tailings, atomic plants, and others with a potential to generate major emergencies, a local-level risk management initiative brings together the Disaster Reduction Unit and the Environmental and Security Initiative of UNDP, UNEP, the North Atlantic Treaty Organization and the Organization for Security and Co-operation in Europe, to build local capacities to manage such combined risks.

Lessons learned

117. There are persistent challenges to predictable, adequate funding for emerging crises and early recovery needs in transition phases. The record of UNDP during the period under review demonstrates a sharp imbalance in resource allocations to different crises, both conflict and natural disaster-related.

118. UNDP is able to engage with an integrated set of prevention, recovery and development activities. However, interventions tended to support sub-sectors (a service-line approach) and/or gap-filling. This has hampered the provision of more coherent support to countries for their full range of recovery needs in UNDP areas of expertise. In addition, in areas such as prevention, country demand is outstripping UNDP capacity to respond and leading to over-extension of limited resources.

119. UNDP programmes have been commended for their ability to nurture national capacities and ensure ownership by national authorities, non-governmental and other civil society organizations. But sustainability is a key challenge. National partners must be able to address the structural conditions conducive to conflict and prevent incipient tensions from leading to widespread violence that reverses development gains. Sustainable recovery in post-crisis societies should lay the foundation for progress towards the MDGs.

120. Gender inequality and gender-based violence are exacerbated in conflict situations. UNDP will continue to enhance staff capacity, develop policy approaches and operational tools, and disseminate best practices related to gender equality and women's empowerment toward an integrated gender perspective in all conflict and risk assessments, programme design and implementation, and monitoring and evaluation.

F. Responding to HIV/AIDS

121. . Despite more than two decades of efforts to curtail the spread of HIV/AIDS, there has been no decline in the number of new infections, reversing development gains in all regions. Poverty, conflict, stigma and discrimination, and disempowerment of women are factors driving the epidemic.

122. Several major initiatives were undertaken to accelerate global action on AIDS. In 2005, the Global Task Team on Improving AIDS Coordination among Multilateral Institutions and International Donors was established to strengthen the institutional architecture of the AIDS response. The Global Task Team recommended the adoption of a clearer division of labour among UNAIDS co-sponsors, and the establishment of Joint United Nations Teams on AIDS with joint programmes at country level. As directed by the Secretary General, some 60 Joint United Nations Teams on AIDS were established under the authority of the Resident Coordinator. In 2006, Member States adopted a Political Declaration on HIV/AIDS (A/RES/60/262) and committed to the goal of universal access to comprehensive HIV prevention, treatment, care and support by 2010.

123. Following on the Global Task Team's recommendations,[35] the 10 UNAIDS Co-sponsors[36] and the UNAIDS secretariat adopted a division of labour in 2005 that clarified roles, responsibilities and accountabilities of individual agencies on the basis of organizational mandates and comparative advantages. UNDP was designated the lead organization in the United Nations system to address dimensions of AIDS relating to development, governance, mainstreaming, legislation, human rights and gender. In 2006, UNDP realigned its service lines for a more strategic and complementary AIDS response to focus on: (a) AIDS and human development; (b) governance of the AIDS response; and (c) AIDS, human rights and gender.

124. In addition, through a partnership with the Global Fund to fight AIDS, Tuberculosis and Malaria, UNDP provided financial and programmatic oversight for implementation of Global Fund grants in 30 countries facing capacity constraints, managing 72 grants totalling more than $600 million. The grants achieved notable results: provision of ARV treatment to more than 40,000 people living with AIDS; anti-malarial treatment to 130,000 people; detection and treatment of 180,000 cases of tuberculosis; distribution of 1,400,000 bed-nets; 600,000 people trained to provide HIV prevention and treatment services; HIV voluntary counselling and testing services to almost 800,000 people; and community outreach activities targeting over four million people. UNDP has intensively supported countries to improve management, implementation and oversight of Global Fund grants and to strengthen financial and procurement capacities of principal recipients and sub-recipients. The Government of Haiti, as a result of UNDP support, has assumed responsibility for these functions.

Box 11. Global Fund Programme implementation in the Democratic Republic of the Congo

With UNDP support, the Democratic Republic of the Congo is achieving notable progress in managing three Global Fund grants totalling more than $200 million. As principal recipient for the grants, UNDP is collaborating with national stakeholders to alleviate the burden of the three diseases. Efforts to address AIDS have emphasized prevention strategies through the distribution of 12 million condoms, education and counselling for one million people, antiretroviral treatment for more than 1,000 people, and monitoring of blood transfusion processes. For malaria, the programme has increased early diagnosis and the delivery of preventive treatment, and helped to strengthen care facilities.

125. Five per cent of total UNDP programme expenditure was directed towards HIV/AIDS response, with 65 per cent of countries reporting on AIDS over the three years. The regional distribution of activities continued to mirror the reach of the epidemic. In Africa, with almost two-thirds (62 per cent) of all people living with HIV, 86 per cent or 36 countries reported progress in 2006. That was followed by 68 per cent – 17 countries – in Europe and Central Asia, and 60 per cent – 15 countries – in the Asia and Pacific region. In the Arab States, 52 per cent, or 9 countries, reported activities, followed by 50 per cent, or 12 countries, in Latin America and the Caribbean.

126. In 2006 there was a relative increase in emphasis on addressing the ***human rights and gender dimensions of AIDS***, since stigma and discrimination against people affected by HIV/AIDS and the disempowerment of women are key drivers of the epidemic. UNDP helped to strengthen gender analysis of AIDS policies and plans, and address gender-related vulnerability of women and girls in planning processes. Strategies are now in place for economic empowerment of women living with HIV in Asia, and to promote women's rights to inheritance and property in Ethiopia. In South Asia, a regional initiative is tackling the nexus of vulnerability of women and girls to trafficking and AIDS, including through a partnership with 13 CSOs and technical support to the regional task force on mobility. The initiative is estimated to have reached 600,000 women, and has sensitized decision-makers, the judiciary, and the police to the links between trafficking and HIV. In China, UNDP worked with the National People's Congress to support the drafting of national laws protecting the rights of people living with HIV, and in March 2006, the national legislative body passed the national HIV regulation. In the Arab States, initiatives with religious leaders have promoted human rights and gender equality, resulting in the formation of the first Arab Religious Leaders Network responding to AIDS, and the signing of a pact by 250 male and female Muslim and Christian religious leaders. UNDP has strengthened joint programming with UNIFEM and formalized a global partnership on gender and AIDS.

[35] http://data.unaids.org/Publications/IRC-pub06/JC1125-GlobalTaskTeamReport_en.pdf

[36] The 10 UNAIDS Co-sponsors are UNDP, UNHCR, UNICEF, WFP, UNFPA, UNODC, ILO, UNESCO, WHO and the World Bank.

127. Consistent with other practices, many outcomes were linked to more than one service line, signalling an integrated response to the root causes of the epidemic and its impact on poverty, governance, capacity development and women's empowerment. To mitigate the ***impact of AIDS on human development***, UNDP promoted multi-sector action and developed capacity to integrate AIDS responses with development and poverty reduction efforts. In collaboration with the World Bank and the UNAIDS secretariat, UNDP led implementation of a joint programme to guide and support integration of AIDS priorities into PRSPs and their implementation modalities in 14 countries. UNDP supported the development of national and subnational AIDS strategies in countries such as Ecuador, where UNDP enabled the Ministries of Health, Education, Labour, Finances and Welfare to address HIV as a development issue for the first time. This resulted in the implementation of a national AIDS policy by the Ministry of Labour. National planning included participation by civil society, women and men living with HIV, and youth organizations.

128. Initiatives addressing the socio-economic impact of AIDS were conducted in Eastern Europe, Asia, and Latin America and the Caribbean, as were studies on accessing and budgeting AIDS funds across sectors in Africa. A study in India, on the macroeconomic and sectoral impact of AIDS, helped to build an economic case for action against AIDS. A complementary study on the socio-economic impact of AIDS on households in six states in India is strengthening AIDS policies and programming.

129. Across all service lines, capacity development was a key component. This included, for example, strengthening the capacity of national AIDS authorities to govern and coordinate a broad-based response across sectors; supporting capacity of key sectors and local government to mainstream AIDS into planning and implementation processes; developing capacity of national stakeholders to implement, coordinate and monitor Global Fund grants and strengthen service delivery; and supporting leadership and organizational capacity of networks of women's groups and people living with HIV for effective engagement in AIDS planning, implementation and evaluation processes. The 2006 Political Declaration on HIV/AIDS highlights the need for greater flexibility in trade-related aspects of intellectual property rights for access to affordable AIDS treatment. UNDP provided policy guidance and technical support to 28 countries in Africa, Asia, Latin America and the Caribbean to develop enabling trade policies. In Thailand, UNDP supported policy dialogue on free trade agreements and access to medicine and produced an MDG report. This has had a major impact on government policy, strengthening the use of flexibilities in intellectual property rights provisions, and one of the recommendations influenced the Government decision to issue the first compulsory licence in Thailand for a generic HIV drug, saving the lives of tens of thousands of people living with AIDS.

Box 12. Building capacity for a stronger, more coordinated AIDS Response

Within the framework of the 'three ones' principle for coordination of national AIDS responses, UNDP supported national and local AIDS authorities to strengthen their capacity to coordinate action on AIDS, including through the harmonization of United Nations and donor assistance. UNDP support to the AIDS Commissions in Tanzania and Zanzibar resulted in the establishment of consultation and coordination forums with development partners, donors, key actors from civil society and people living with HIV. In Sudan, UNDP facilitated the establishment of the Southern Sudan AIDS Commission and County AIDS Councils, helping the new institutions to make significant strides in coordination, awareness raising and capacity assessments. UNDP, in partnership with UNV, built capacities of district AIDS task forces in Ecuador and supported implementation of local AIDS policies by 15 local governments. UNDP strengthened capacities of the key federal institution in Russia with the mandate for AIDS monitoring and evaluation, enabling elaboration of indicators for monitoring and evaluation of the National Priority Project on AIDS and facilitating cooperation with other stakeholders.

130. UNDP promotes inclusive participation in the planning, imple-mentation and evaluation of AIDS responses, particularly for people living with HIV. In Burundi, support to civil society led to a more participatory approach in the evaluation of the 2002-2006 National Action Plan and in the planning of the 2007-2011 response at national, provincial and communal levels, galvanizing efforts in favour of the most vulnerable groups. In Nigeria, over 1000 stakeholders from 10 states, representing Government, civil society, the private sector, media and men and women living with HIV, have benefited from leadership programmes implemented with national and state action committees on AIDS. The programmes have resulted in significant multi-sector breakthrough initiatives on AIDS that are increasingly institutionalized for sustainability. In Ethiopia, a UNDP-supported community

capacity enhancement programme and community conversations on AIDS have been institutionalized and scaled up to cover most regions and more than 300 districts. They form a key element of the government social mobilization strategy. In addition to promoting civic engagement, UNDP also has emphasized South-South learning and exchange. In Thailand, UNDP and the Ministry of Foreign Affairs organized workshops on AIDS in Kenya and Botswana that have strengthened institutional networking and exchange of experts between Thailand and several African countries.

131. Country office results reporting and partnership surveys reflect the clear demand from governments, civil society and United Nations partners for UNDP engagement in responding to AIDS. On average, 84 percent of partners perceived UNDP as a critical partner in HIV/AIDS.

Lessons learned

132. UNDP will continue to concentrate its support on areas assigned to it, withdrawing from all other AIDS activities that can be implemented more effectively by other UNAIDS Co-sponsors. Examples of such activities include those relating to supporting orphans and vulnerable children, harm reduction interventions for intravenous drug users, and medical and health sector responses.

133. HIV/AIDS will remain a pivotal development issue, demanding a comprehensive response from state and non-state actors. The adoption of the UNAIDS division of labour in 2005 and the revision of service lines in 2006 led to a more unified and integrated United Nations response.

VI. Organizational effectiveness

134. With efficiency and cost effectiveness as the goal, UNDP set staff development, business process reengineering, change management, and enhanced operational support to the United Nations system as management priorities for the period. From an overall efficiency perspective, UNDP registered a nominal growth in management expenditure of 25 per cent, from $380 million in 2003 to $477 million in 2006, and a 60 per cent increase in programme expenditure since 2003. That resulted in a 3.6 per cent decrease in the ratio of management to total expenditures, from 12.5 per cent in 2003 to 9.9 per cent in 2006. Increased operations efficiency allowed for strategic resource management and investments in strengthening the resident coordinator system and staff capacity. Close to 80 country offices underwent change processes or refinements of management strategies. At headquarters, the newly integrated Executive Office provides a better division of labour in performance of distinct but complementary leadership roles, and stronger mutual support at the highest level

135. To strengthen internal capacity for delivering quality services to programme countries, UNDP focused on: (a) providing knowledge-based products and services through the development of practices and service lines; (b) investment in human resources; and (c) stronger support to country offices.

136. The practice culture has become firmly embedded in UNDP, allowing for sharper, more in-depth treatment of issues, drawing on its global knowledge and experience. At the same time, cross-practice work has enabled UNDP to continue providing the unique, cross-sectoral treatment of development issues for which the organization is known; and the subregional resource facilities and regional service centres allow advisors to build on country and regional knowledge, and South-South experiences and expertise, to provide targeted support to programme countries.

137. Knowledge networks represent the cornerstone of knowledge management in UNDP. There are 19 global networks covering all areas, including four open to United Nations and external partners. Staff participation in the networks rose from 46 per cent in 2004 to 71 per cent at the end of 2006. In a recent internal service survey, over 80 per cent of staff said participation in knowledge networks had benefited their professional development and that of their office. In addition, the networks helped to improve policy development processes by increasing links between policy and programming.

Box 13. UNDP staff workforce at a glance

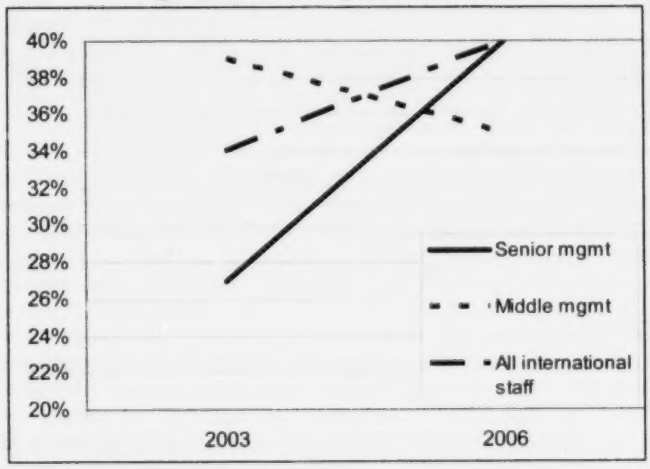
- UNDP workforce totals 7,355
- The ratio of men to women is almost 1 to 1.
- The average age of UNDP staff is 43 years old
- Average length of service is eight years.
- UNDP staff come from 152 different countries and territories.

138. UNDP made significant investments in aligning staff competencies and implementing a state-of-the-art ICT platform. The revamped Virtual Development Academy (VDA), in partnership with

leading academic institutions, delivered new learning products to staff. Since 2003, annual VDA enrolment has doubled in size to more than 250 participants annually. Leadership development continued to be a top priority, and nearly 140 staff members participated in a tailored learning programme that prepares middle managers for more senior positions. The organization also accelerated professionalization and certification programmes based on international best practices. As of January 2007, more than 1,870 staff members were certified in project management, more than 630 in procurement, and more than and 400 finance and 140 human resources professionals took certification programmes. In 2004, UNDP introduced a web-based learning platform (the Learning Management System), which provides access to learning opportunities for more than 12,000 UNDP personnel.

139. UNDP continued its efforts to ensure that it attracts, retains and develops appropriate talent. Management tools such as the gender and diversity scorecard were launched in 2004 to monitor and track progress in the implementation of the UNDP gender balance policy, with a target of full gender parity by 2010. The quarterly reassignment exercise was revamped to ensure that the organization places the right people in the right place through a transparent, competency-based approach. A competency framework, mapping the talents (skills, knowledge, and behaviour) of all staff at all levels and across all career tracks, is being finalized. The framework will provide a basis for all people-management operations (from job design to recruitment, learning/development, performance management and transition) and will set the pace for staff career development. The Resident Coordinator Assessment Centre was improved to strengthen the calibre of staff employed as Resident Coordinators. There is a positive trend towards reaching gender parity in the senior management ranks[37] and overall in the international staff category. However, gender parity in middle management needs improvement.

Figure 4: trends in gender balance



140. To strengthen support to country offices, UNDP continued its strategy of decentralization. The objective is to create a critical mass of operational support capacity at the regional level and align functions at headquarters, regional and country levels with needs at programme level. Four regional centres were established, in Colombo, Bangkok, Johannesburg and Bratislava. In addition, subregional resource facilities in Beirut, Dakar, Panama and Port of Spain initiated their transformation into regional centres.

141. UNDP intensified efforts to apply results-based management at all levels of the organization. The Atlas system has integrated UNDP management processes. Atlas implementation covered all UNDP business processes – financial, human resources, procurement and project management. The system provides real-time information globally, adding value in terms of transparency and standardization, and allowing better analysis, facts-based management, and oversight. Ongoing improvements include a contributions tracking site to strengthen donor reporting, and a more robust project management module that introduces professional standards (Prince2), including risk management standards and reporting, for the 6,000 plus UNDP projects.

142. UNDP placed emphasis on strengthening oversight and accountability. The approach was multi-faceted, including following-up on audit recommendations, improving institutional oversight and accountability, and strengthening the internal control framework (a role-based policy that guides the

[37] Senior management includes all D1 and equivalent levels and above.

assignment of financial rights and responsibilities in UNDP). The independent Audit Advisory Committee, comprised of external professionals,[38] and an internal risk management committee, chaired by the Associate Administrator, were established in 2006 to guide implementation of the Atlas system. New regional audit offices were created in Bratislava and Beirut in 2006, and a full-fledged investigation section has been operational since 2004. A fraud policy was implemented, and a fraud hotline opened in 2005 allows for anonymous reporting of complaints from internal and external parties.

143. UNDP developed a new strategy to strengthen the quality control and evaluation of national execution audits[39] and introduced a risk-based audit planning model for the audit of country offices. Audit reporting has been improved to include new elements to facilitate analysis and monitoring of significant and recurring issues, their causes and impact or risk.

Box 14. Improved audit follow-up in UNDP

Analysis of the United Nations Board of Auditors and the Office of Audit and Performance Review observations, reveals that UNDP identified and prioritized key operational risk areas. Highest priority is given to national execution, bank reconciliation and internal control issues. Other high-priority areas are asset management; strengthening Atlas; transparent, competitive procurement; cost recovery; project design; and monitoring and evaluation. Of the 38 recommendations targeted for completion by the end of 2006, 30 have been implemented (79 per cent implementation rate).

144. Security[40] management increased in importance, particularly at the field level, so as to ensure that all offices are prepared, equipped, and ready to manage security risks. MOSS compliance doubled from 40 per cent in 2004 to 80 per cent in 2006. UNDP also continued to provide administrative services to the United Nations security management system where the volume of services and support increased from $25.28 million and 351 persons in 2004 to $65.90 million and 619 persons in 2006 in 116 countries. Security is being mainstreamed in programming, and regional security advice functions have been established to provide a more dedicated security response to client needs in the most affected regions.

Lessons learned

145. Initiatives to strengthen support to country offices have triggered the need to further align advisory and service functions at global, regional and country level. A corporate framework is being discussed to bring UNDP coordination, management and support functions closer to the field, balancing the roles of UNDP in development with regional requirements and expectations.

146. Three major lessons emerged from our experience in knowledge management. First, a more systematic approach to knowledge management should be implemented that addresses knowledge creation, knowledge sharing, human resources and talent management, information systems and technology in a mutually supportive basis. Second, UNDP should continue to enhance knowledge exchange with United Nations agencies to promote United Nations reform and tap into the best experience available within the system. Third, partnerships with think-tanks, research institutions and other institutions, particularly in the South, should be extended to enable effective knowledge exchange between the United Nations and other institutions.

147. Atlas has generated substantial benefits. However, there is a need to further build staff capacity in UNDP business processes: project management, human resource management, finance and procurement.

148. Succession planning, talent management and leadership development require more attention. Also, although improving, diversity and gender balance challenges remain. These issues are especially urgent as a high proportion of UNDP senior management will be retiring in the coming five years.

[38] Replacing the former Management and Review Oversight Committee

[39] The UNDP Office of Audit and Performance Review assessed 119 countries' national execution audit reports per year for 2004-2006.

[40] The focus on security was not a separate priority area in the MYFF 2004-2007, but due to the importance of security, it has been recorded as a separate area in this report.

VII. Financial expenditure

Programme expenditures

149. Programme expenditure by source of funding is presented in table 3 (a more detailed table with expenditures by practice and service lines is presented in the Annex. Programme expenditures totalled $10.6 billion, exceeding both the 2004-2006 comparative MYFF target of $7.5 billion and the total 2004-2007 MYFF target of $10 billion. This included $1.6 billion funded from regular resources, which was spent primarily in LDCs and low-income countries. Programme activities funded from other donor resources and local resources reached $5.2 billion and $3.8 billion, respectively (see Annex). The high level of programme expenses funded from local resources, when compared to the respective 2004-2006 MYFF target, is noteworthy. A significant share (35 per cent) of local resources was spent on achieving MDGs and reducing human poverty. The focus of expenditure from other donor resources was in the areas of elections support and crisis prevention and recovery.

Table 3. Programme expenses, by source of funding (in millions of dollars)

Source of funding	*2004-2006 MYFF target*	*2004-2006 expenses*
Regular resources	$1,905	$1,546
Other donor resources	$2,810	$4,788
Other local resources	$2,817	$3,899

150. A comparison of the programme expenditures in 2004-2006, with the comparative 2004-2006 MYFF targets, is shown in table 3. The regular resources-funded programme expenses, while below the 2004-2006 MYFF target in total, reflect an annual upward trend, from $497 million in 2004 to an estimated $562 million in 2006, and are on track to reach the core MYFF target of $635 million.

Biennial support budget, UNDP support, and United Nations coordination activities

151. Expenses in the categories of UNDP support were slightly over the comparative target set in the MYFF, largely reflecting the increasing demands on UNDP to deliver on its dual role of providing development assistance and managing the resident coordination system, in addition to related support to the United Nations system (see table 4).

Table 4. UNDP support and UN support expenses (in millions of dollars)

Category	2004-2006 MYFF target	2004-2006 expenditure
UNDP support	$1,243	$1,290
UN coordination activities	$242	$249

152. As table 5 shows,, notwithstanding the fact that 2004-2006 UNDP support expenses slightly exceeded the comparative target, the UNDP support ratio is well below the comparative figure derived from the MYFF.

Table 5. UNDP support ratio (in millions of dollars)

Category	2004-2006 MYFF target	2004-2006 expenditure
Total UNDP support (a)	$1,243	$1,290
Total expenses (b)	$7,773	$12,633
UNDP support ratio (a / b)	13.8%	10.2%

VIII. Conclusion

153. The analysis of the MYFF 2004-2006 provides a rich source of findings on UNDP results, and its lessons have informed the development of the strategic plan, 2008-2011. The report has highlighted the urgent need for enhanced efforts by the whole international community to achieve the MDGs by 2015. The strategic plan, 2008-2011 will therefore require an even stronger results orientation, moving from the current MYFF approach towards a framework that includes outcomes and indicators to better track and measure progress. Informed by the experience of the past three years, a more integrated results management system will connect the vision and strategic focus of the organization with its resource base. The strategic plan, a draft of which is being considered by the Executive Board at this annual session, will be presented for approval at the second regular session 2007.